



# Land tax information for financial year 2008-09

## 1. What is land tax?

Land tax is a yearly tax on the total unimproved value of Queensland freehold land owned by landowners as at midnight on 30 June. The unimproved value of land is the value of the land excluding improvements (e.g. a house). The Office of State Revenue (OSR) administers the *Land Tax Act 1915*.

Land tax is not imposed on a calendar year basis. Although the tax is calculated on land owned at a particular point in time (30 June), it is levied in respect of the financial year immediately following the point in time at which the liability is established. For example, land tax for the 2008-09 financial year is based on land owned as at 30 June 2008.

## 2. What land value is used for land tax?

Land tax is assessable on the taxable value of an owner's land. The taxable value is the relevant unimproved value of the land less any exemptions and deductions.

The relevant unimproved value of land during the relevant financial years of 2007-08, 2008-09 and 2009-10 is the capped value or the lesser of

1. the unimproved value of the land that applies for the financial year (see Question 3); or
2. the averaged unimproved value of the land for the financial year.

The average unimproved value is;

1. the averaged unimproved value for the current and previous two financial years; or
2. if the unimproved value for the 3 years is not available, the unimproved value of the land multiplied by the averaging factor for the financial year.

The capped value of the land for the relevant year is 150% of the relevant unimproved value of the land for the previous financial year.

A capped value only applies if;

- the land is not subdivided land that qualifies for the 40% discount on unimproved value under section 3CA of the *Land Tax Act 1915*; and
- the land is a freehold parcel of land that had an unimproved value as at the previous 30 June; and
- the uncapped value of the land is more than 150% of the relevant unimproved value of land for the previous financial year.

## 3. Who determines the unimproved value of land?

The unimproved value of land for calculating land tax and local government rates is determined by the Department of Natural Resources and Water (NRW). For more information about land valuations, contact NRW at [www.nrw.qld.gov.au](http://www.nrw.qld.gov.au)

## 4. Who is liable to pay land tax?

The owner of the property as at 30 June 2008 is liable to pay the land tax assessed for the 2008-09 financial year. The owner is generally taken to be the person whose name appears on the certificate of title at the Land Titles Registry, NRW, as the registered owner of the property.

The Commissioner of Land Tax (the Commissioner) does not make any pro rata adjustment of land tax if the owner disposes of the land during the financial year for which the land tax is assessed. Any adjustment or apportionment of land tax is a commercial matter and would be arranged between the vendor and purchaser.

## 5. What are the land tax thresholds for 2008-09?

### *Land owned by an individual*

An individual may be liable for land tax if the total unimproved value of the freehold land owned by that person as at 30 June 2008 is equal to or greater than **\$600,000**.

### *Land owned by a company, trustee or absentee*

A company, trustee (including trustee/s of deceased estates), or an absentee, may be liable for land tax if the total unimproved value of the freehold land owned as at 30 June 2008 is equal to or greater than **\$350,000**.

(**Company** includes club, association, society etc. An **absentee** is an owner who does not ordinarily reside in Australia or an external territory).

## 6. Are there any exemptions?

A number of exemptions from land tax are provided by the *Land Tax Act 1915*. Some of the more commonly encountered exemptions are outlined below.

- Land owned by or in trust for any person or society and used or occupied by that person or society solely as the site of a building owned and occupied by a non-profit society, or a non-profit club, or a non-profit association.
- Land owned by an exempt charitable institution and used predominantly for qualifying exempt purposes, e.g., education, religious activities, relief of poverty, care of the sick.
- Land used for premises or facilities for residents of a retirement village.
- Land comprised of one parcel and used substantially as a principal place of residence (“PPR”) by a person who owns no other land in Queensland (a deduction may apply in other cases, see question 7).

### *Moveable dwelling parks*

Land is exempt if it is used predominantly as a **moveable dwelling park** on which **more than 50 per cent** of the total number of sites are occupied, or solely available for occupation, for residential purposes for more than 6 weeks at a time.

A moveable dwelling park is a place where caravans or manufactured homes are situated for occupation on payment of consideration, such as rent.

## 7. What deductions are allowable?

Deductions from the unimproved value are allowed for the following uses:

### *Principal place of residence deduction*

If a resident land owner (an individual) uses the land as his/her PPR, he/she may be eligible for a PPR deduction.

Similarly, if a trustee of a trust owns land and all the trust beneficiaries use the land as their PPR, the trustee may be eligible for a PPR deduction.

A full or partial exemption/deduction may apply when land is used as a PPR and for another purpose. For further information you should refer to Practice Direction LT 17.1 - *The Land Tax Concession for a Principal Place of Residence*. The Practice Direction is available on the OSR website [www.osr.qld.gov.au](http://www.osr.qld.gov.au)

A company is not eligible for a PPR exemption/deduction.

### *Land used solely for the business of primary production*

If all or part of an owner’s land is used solely for the business of primary production (agriculture, pasturage or dairy farming), the owner may apply for this deduction.

To determine whether the use of the land constitutes a business of primary production, the Commissioner of Land Tax will consider a number of factors, as outlined in Practice Direction LT 1.2 - *Guidelines for determining the business of agriculture, pasturage or dairy farming* available on the OSR website [www.osr.qld.gov.au](http://www.osr.qld.gov.au). Land used as a hobby farm is not eligible for the deduction.

Owners who may qualify for this deduction are –

- individuals who reside in Australia
- relevant proprietary companies
- exempt charitable institutions
- trustees of trusts provided all the trust beneficiaries fall within one of the above owner categories.

**Note:** the primary production deduction previously granted to Australian citizen absentees ceased 30 June 2007

#### *How to claim a deduction*

To claim a deduction, fill out the relevant form, available from the OSR website [www.osr.qld.gov.au](http://www.osr.qld.gov.au) or from the Office on **1300 300 734**.

If a deduction is allowed for a financial year, the deduction will continue for subsequent years and the owner will not have to re-apply each year, unless, for example, the owner shifts to a different PPR or the land ceases to be used for the business of primary production. **If circumstances change so that the owner is no longer eligible for the deduction, the owner must notify the Commissioner in writing.**

## **8. How is land tax calculated?**

Land tax is calculated by applying the tax rate to the taxable value of the land (see Questions 2 and 9).

## **9. What are the rates of tax?**

Land tax is assessed on a sliding scale. There are 2 separate scales: one covering the tax bands for individuals (other than absentees), and the other covering the tax bands for companies, absentees and trustees. The tax bands and corresponding tax rates for 2008-09 are set out below.

### **Individuals (other than trustees or absentees):**

#### **Taxable value**

\$0 - \$599,999	\$0
\$600,000 - \$999,999	\$500 plus 1.0 cents for each \$ more than \$600,000
\$1,000,000 - \$2,999,999	\$4,500 plus 1.65 cents for each \$ more than \$1,000,000
\$3,000,000 and over	Flat rate of 1.25 cents for each \$ of taxable value

#### **Example 1:**

Taxable value of   \$680,000  
Band is            \$600,000 - \$999,999  
Tax calculation = \$500.00 + (1.0 cents x \$80,000 excess)  
                      = \$500.00 + \$800.00  
Tax payable      = \$1,300.00

## Companies, trustees and absentees:

### Taxable value

\$0 - \$349,999	\$0
\$350,000 - \$2,249,999	\$1,450 plus 1.7 cents for each \$ more than \$350,000
\$2,250,000 and over	Flat rate of 1.5 cents for each \$ of taxable value

### Example 2:

Taxable value of	\$750,000
Band is	\$350,000 - \$2,249,999
Tax calculation =	\$1,450.00 + (1.7 cents x \$400,000 excess)
	= \$1,450.00 + \$6,800.00
Tax payable =	\$8,250.00

### Online services

This information sheet contains general information only, extracted from the *Land Tax Act 1915* and the *Land Tax Regulation 1999*. For specific or more detailed information, please contact the OSR on **1300 300 734**. You may also wish to seek professional advice concerning your land tax liability. Please visit our website [www.osr.qld.gov.au](http://www.osr.qld.gov.au) to access a range of online services, including:

- information about land tax
- approved forms, including PPR exemption claim, moveable dwelling park exemption claim
- a land tax estimator which gives you an estimate of your land tax
- links to land tax legislation
- revenue rulings and practice directions giving the Commissioner's interpretation of key legislation.

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### Queensland Office of State Revenue locations:

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