Question on Notice

No. 606

Asked on 10 May 2011

MR SPRINGBORG ASKED THE TREASURER AND MINISTER FOR STATE DEVELOPMENT AND TRADE (MR FRASER)—

QUESTION:

With reference to land tax notices—

(1) How many exempt persons or entities, including primary producers (tallied separately), have been issued with a land tax payment notice and how many of these have been issued with a late payment or final demand notices?

(2) Have any exempt persons or entities paid the amount demanded of them?

(3) If any land tax has been refunded to exempt entities or individuals, what is the amount which has been refunded and how many individuals or entities have received a refund?

ANSWER:

Land Tax is assessed based on aggregate ownership of freehold land in Queensland as at 30 June of each year. The tax is levied for the next financial year. For 2010-11 assessing year for land owned as at 30 June 2010, newly liable taxpayers were issued with an assessment accompanied by an introduction to land tax letter outlining information on available exemptions and how to apply for them.

All exemption claims received by the Office of State Revenue are processed and, where approved, an amended assessment is issued. Where the total value of exempted land reduces the liability of the taxpayer to $0, an amended assessment for $0 will be issued.

Where a taxpayer has paid their liability prior to an exemption being granted, a refund will be issued for the difference in value between the original and the amended assessment.

The Office of State Revenue provides to all land tax payers information on how to apply for various land tax exemptions. An example of the information provided to new land tax payers is attached for your information.

Queensland Government

A guide to land tax for new land tax payers

What is land tax?

The state government imposes land tax on the owners of freehold land in Queensland as at midnight on 30 June each year. This is done under the *Land Tax Act 2010*. Land tax is assessed on the taxable value of an owner's total land-holdings, which is the total value of land less any exemptions claimed.

Our records indicate that you are liable for land tax—your assessment notice is attached.

Do I need to check my assessment notice?

Yes. It is important to check that the information on the notice is correct. For instance, if you own land not shown on the notice you must inform us.

Can I claim a home exemption?

You can claim a home exemption if you:

- live on the land you own
- meet the requirements of the exemption (see Form LT12)
- apply for the exemption using the enclosed claim form.

Even if you applied for a transfer duty home concession when you bought your home, you still need to apply for the land tax home exemption. This is because the land tax home exemption requirements are different to the duties home concession requirements.

Are any other exemptions available?

There are a number of exemptions. The most common are shown below—a complete list is available on our website at **www.osr.qld.gov.au**

Exemption:	You may be eligible for this exemption if:	Complete form:
Home exemption for an individual	• you use the land you own as your home.	LT12
Home exemption for a trustee	• all beneficiaries of the trust that own the land use the land as their home.	LT13
Business of agriculture, pasturage or dairy farming	• all or part of the land you own is used only for the business of primary production.	LT11

Once an exemption is approved, it will continue—you don't need to re-apply each year. However, you are legally required to notify us in writing if your circumstances change. It is an offence not to do so.

How is land tax calculated?

The amount of land tax you pay depends on the value of your land. The land value is determined by the Department of Environment and Resource Management (DERM) according to the *Land Valuation Act 2010* (LVA).

The LVA value of your land is averaged over three years (where possible) to provide a taxable value for land tax. As the LVA value of land is determined by DERM, you cannot object to a land tax assessment because you think the value is too high. You should visit **www.derm.qld.gov.au** if you would like more information about the LVA value or if you think the valuation is wrong. If DERM reduces the LVA value applicable at 30 June, they will notify us and we will recalculate your land tax liability.

Who pays land tax?

The owner of the land at midnight 30 June is liable to pay. The owner is usually the person on the Certificate of Title. This includes every person who is entitled to be registered as the owner on the title.

Individuals may pay land tax if the total LVA value of land owned in Queensland at midnight 30 June is **$600,000** or more. A company, absentee (a person who does not ordinarily live in Australia) or trustee (including trustees of deceased estates) may need to pay land tax if the total taxable value of the land owned is **$350,000** or more.

Note: If a contract of sale is signed before 30 June, but the buyer takes possession after that date, the seller is still the owner for land tax purposes.

Extended payment option (EPO)

You have two ways of paying your land tax liability.

You can pay:

1. the full amount by a single payment on the due date (90 days from the date of assessment)

   or

2. using the EPO—three equal payments due 45, 90 and 150 days after the date of assessment. **EPO payments can only be made by direct debit.** This option is only available online and must be set up within 21 days of the issue date of your assessment notice.

5ee the attached flyer '5etting up the land tax EPO or direct debit'.

Land tax rates

Land tax is assessed on a sliding scale. There are two separate scales—one for individuals (other than trustees or absentees) and one for companies, trustees and absentees.

Rates for individuals (other than absentees and trustees)

Total taxable value	Tax payable
$0 to <$600,000	$0
$600,000 to <$1,000,000	$500 plus 1 cent for each $1 over $600,000
$1,000,000 to <$3,000,000	$4,500 plus 1.65 cents for each $1 over $1,000,000
$3,000,000 to <$5,000,000	$37,500 plus 1.25 cents for each $1 over $3,000,000
$5,000,000 or more	$62,500 plus 1.75 cents for each $1 over $5,000,000

Rates for companies, absentees and trustees

Total taxable value	Tax payable
$0 to <$350 000	$0
$350,000 to <$2,250,000	$1,450 plus 1.7 cents for each $1 over $350,000
$2,250,000 to <$5,000,000	$33,750 plus 1.5 cents for each $1 over $2,250,000
$5,000,000 or more	$75,000 plus 2 cents for each $1 over $5,000,000

Website

Visit www.osr.qld.gov.au for detailed land tax information, forms, Public Rulings and a tax estimator.