

# Land Tax (Amendment) Bill

## EXPLANATORY MEMORANDUM

*Clause 1* states the purpose of the Bill.

*Clause 2* sets out the usual commencement provisions.

*Clause 3* defines the **Land Tax Act 1958** as the Principal Act for the purpose of the Bill.

*Clause 4* sub-clause (a) amends section 7A of the Principal Act to provide that no land tax will be payable by a taxpayer in a year in which the land tax calculated for that year would be less than \$60.

*Clause 4* sub-clause (b) amends paragraph (b) of section 10 (1C) of the Principal Act. This paragraph provides an exemption from the payment of special tax where land is sold by a public statutory body and—

- (i) the purchaser uses or proposes to use the property as the purchaser's principal place of residence; and
- (ii) the unimproved value of the land does not exceed the exemption level that applies from time to time.

As the exemption level is being increased from \$104 999 to \$149 999, this sub-clause effects the necessary amendment to section 10 (1C).

*Clause 5* sub-clause (1) amends section 97 (1) of the Principal Act by allowing mortgagees as well as vendors and purchasers to apply for certificates pursuant to that section.

*Clause 5* sub-clause (2) inserts a new provision which allows for different fees for the different classes of applications referred to in clause 5 (1) to be prescribed by regulations. It also provides for fees to be prescribed for urgent applications.

*Clause 6* sub-clause (1) inserts a new Table of Rates of land tax. The main features of this Table are—

- (a) the exemption is increased from a total value of \$104 999 to \$149 999;
- (b) the value limits in the rate scale are increased; and
- (c) the rates are reduced at the top three steps of the scale.

Examples of this method of calculation are set out hereunder.

	\$
TOTAL UNIMPROVED VALUE \$200 000	
Tax on \$150 000	60
Tax on \$50 000 at 0.2 cents per \$	<u>100</u>
Tax on \$200 000	160
TOTAL UNIMPROVED VALUE \$750 000	
Tax on \$490 000	2 240
Tax on \$260 000 at 1.8 cents per \$	<u>4 680</u>
Tax on \$750 000	6 920

	\$
TOTAL UNIMPROVED VALUE \$3 500 000	
Tax on \$3 000 000	62 420
Tax on \$500 000 at 3 cents per \$	15 000
Plus 0.6% surcharge on \$500 000	<u>3 000</u>
Tax on \$3 500 000	80 420

**\*\*0.6% surcharge applies to unimproved values in excess of \$3 000 000.**

*Clause 6* sub-clause (2) amends the Second Schedule to the Principal Act. The Second Schedule currently provides for a surcharge of 1% to be imposed on that part of the total unimproved value of an owner's land exceeding \$2 200 000. This sub-clause increases the threshold from \$2 200 000 to \$3 000 000 and reduces the surcharge from 1% to 0.6%.

*Clause 7* inserts a provision which imposes a ceiling on the effect of the equalisation factors for 1991. This provision addresses in particular the substantial increases (44 per cent) in the value of land in the central activities district (CAD) in the 12 months to 30 June 1987 (being the date at which land values are based for 1991 land tax).

*Clause 8* inserts a saving provision in relation to the assessment of land tax for 1989 and 1990; that is, it ensures that the provisions currently on foot will continue to apply for the years 1989 and 1990.