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LAND TAX

The date for assessment of land tax is fast approaching (31 December) and so it is appropriate for a timely reminder of the land tax regime.

What is land tax?

Land tax is a tax on the ownership of land. Land includes :-

- Vacant land
- Land where a house, residential unit or flat has been built
- Holiday homes
- Company title units
- Residential, commercial or industrial units including car spaces
- Commercial properties, including factories, shops & warehouses
- Land leased from State or Local government

Exemptions & Concessions

The following exemptions & concessions apply :-

- Principal place of residence (the family home)
- Land used for primary production
- Residential parks, including caravan parks
- Non profit organizations
- Retirement villages and aged care establishments

Who needs to pay land tax?

An owner with one or more parcels of taxable land may be liable for land tax.

An owner is defined as any of the following :-

- Sole owner
- Joint owners
- Company
- Trustee of a trust
- Beneficiary of a trust
- Unit holders with an interest in unit trusts
- Trustees of superannuation funds

How is land tax calculated?

Land tax is a state imposed tax and is calculated on the combined value of all the taxable land in any one state that you own at midnight on 31 December each year.

The value used is average of the land value for the current year and previous 2 years.

The land tax rate for NSW for 2008 is **\$100 plus 1.6%** on the combined value of all taxable land in *excess of* the threshold.

The land tax threshold for 2008 is \$359,000 (except for special trusts and non-concessional companies).

Special trusts and non-concessional company's do not have access to

the \$359,000 threshold. If you hold land in a trust or a company, then please discuss this issue with your accountant.

How is the value of your land determined?

The valuer general values all land in NSW annually and provides these values to the Office of State Revenue for land tax purposes. Values are determined as at 1 July, preceding each land tax year.

Registering for land tax

When you first become liable for land tax you will need to submit a "Land Tax Registration Form". This form will need to be submitted by 31 March 2008. Your accountant can assist you complete the form. If you submitted a form or received an assessment in a prior year, you do not need to submit another one unless you have bought or sold land during the year.

How am I assessed if I own some land individually and some land with other owners?

You are first assessed on the land you jointly own. You will then be assessed individually on the total land value of all your interests in land, whether or not you own them as an individual or as a joint owner.

To make sure you do not pay tax twice on the jointly owned land, your individual assessment will show a deduction of a proportion of the tax on the jointly owned land to prevent double taxation.

Warning

If you are not already registered for land tax then it is the responsibility of the land holder to voluntarily register for land tax. An Assessment will not automatically issue once you reach the threshold. We therefore encourage registration if your combined land holdings are close to the threshold.

If you need assistance with your land tax 31 December assessment issues, please contact us today.

The material and contents provided in this publication are informative in nature only. It is not intended to be advice and you should not act specifically on the basis of this information alone. If expert assistance is required, please contact your local Forsyths office.