

NEW SOUTH WALES

Land Tax in NSW is currently levied on the Land Value assessments which are issued annually.

Change: The NSW State Budget was delivered on Tuesday with one major change to the land tax system proposed. For the 2007 land tax year a three year averaging calculation will be introduced. The reason given for its introduction is to smooth large fluctuations in land tax liabilities resulting from volatility in annual Land Values.

Impact: The three year averaging calculation is currently used in Queensland and the ACT. However in Queensland the taxable value is the lesser of the current value or the three year averaged value. Therefore, in a falling market property owners are not charged land tax on a value higher than the current value of the land. Further if a property owner purchases a property and is successful in reducing the current Land Value below that of previous years, the owner is charged land tax based on the new lower value.

The effect of the proposed three year averaging calculation is outlined below:

		Rising Market		Falling Market	
		Current	Proposed	Current	Proposed
Land Value	2005	-	\$2,500,000	-	\$4,000,000
	2006	-	\$3,000,000	-	\$3,000,000
	2007	\$4,000,000	\$4,000,000	\$2,500,000	\$2,500,000
2007 Taxable Value		\$4,000,000	\$3,166,667	\$2,500,000	\$3,166,667
2007 Land Tax @ 1.7%		\$68,000	\$53,833	\$42,500	\$53,833

It is evident from above that whilst land tax is reduced in a rising market, it is also maintained in a falling market. We believe the NSW Government should introduce the same averaging process as Queensland where the lower of the current Land Value and the average Land Value is used for land tax. This will avoid penalising property owners should Land Values fall.

New Land Values will be issued from January 2007. Owners will have 60 days from when they are issued to lodge objections to the assessments.

m3 Dimensions

Land Tax Changes from Recent State Budget Announcements
(NSW, VIC, QLD & WA)

June 2006

VICTORIA

The Victorian State Government has proposed three major changes to the land tax system in Victoria.

- A reduction in land tax rates
- The abolition of Indexation Factors
- Changes to objections

Please click on below link to read further.

[Read On](#)

QUEENSLAND

There were no major changes announced to the manner in which the Queensland land tax system will operate. The only change proposed is that the tax free threshold for residential individual land tax payers will be increased from \$450,000 to \$500,000 from 1 July 2006.

WESTERN AUSTRALIA

There were no major changes announced in the West Australian budget except that the minimum threshold will be lifted from \$130,000 to \$150,000.

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