



FACT SHEET

Land Tax (NSW)

What is Land Tax and who does it affect?

Land tax is an annual tax assessed by each state (and ACT) on landowners. The legislation varies from state to state but it is generally levied on the unimproved value of taxable land. This fact sheet will concentrate on land tax levied in NSW.

New South Wales

You are liable for land tax in NSW if the unimproved value of your landholdings within the state exceeds the land tax threshold. The threshold for the 2016 NSW land tax year is \$482,000. Unimproved land values in NSW are ascertained annually for the purposes of determining land tax liabilities and land tax rates for 2016 are as follows:

Taxable value of land	Land Tax payable
< \$482,000	Nil
\$482,000 - \$2,947,000	\$100 + 1.6% of the excess over \$482,000
> \$2,947,000	\$39,540 + 2% of the excess over \$2,947,000

The following categories of land are exempt from NSW land tax:

- Land used and occupied (or intended to be used and occupied) as your principal place of residence. You can continue to qualify for this exemption even if you are absent from your principal place of residence for a period of up to 6 years provided you occupied the residence for a continuous period of 6 months

immediately prior to the absence and the total period in which you receive rental income from the property does not exceed six months in a calendar year. A partial exemption applies if the land is used only partially for residential purposes

- Primary production land in most situations. If the land is not zoned as rural, the land must be used for a primary production business in order to qualify for the exemption
- Certain land owned by charitable, religious, educational and not-for-profit bodies etc. and land used for low-cost accommodation in most cases

The most common situation which triggers a land tax liability is owning either residential or commercial investment property with unimproved land value in excess of the land tax threshold.

It is worth noting that land owned by a "special trust" or non-concessional company does not qualify for the applicable land tax threshold in NSW. In order for a trust to be assessed as a trust other than a special trust, hence qualify for the threshold, the trust deed must contain particular clauses as set out by the Office of State Revenue. If you are setting up a trust that is likely to hold land in NSW, ensure you advise your solicitor accordingly so that unnecessary land tax bills can be avoided.

Disclaimer: The information contained in this fact sheet is not intended as specific advice. Please contact Enspira Financial to discuss your individual situation.

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Reporting Requirements and Land Tax Assessments

As an owner of land that is not exempt from land tax, you have an obligation to:

- Register for land tax once you first acquire non-exempt land, and
- Advise the relevant authority of any purchases or disposals of non-exempt land on an ongoing basis

The land tax year follows the calendar year (i.e: 1 January to 31 December and land tax assessments for the current year are based on land holdings as at the preceding 31 December.

The unimproved value of your landholdings and your land tax liability will be determined by the governing body, and you will be issued with annual land tax assessments accordingly.

If you dispose of some non-exempt land during the year that attracted land tax, you do not receive a refund from the governing body. Rather, an adjustment will be made with the purchaser upon settlement to recoup the portion of prepaid land tax.

The Office of State Revenue (NSW) is the relevant governing body administering NSW land tax.

What Next?

If you own property in NSW that is not your principal place of residence, contact your manager or partner at Enspira Financial to discuss how Land Tax potentially impacts you.

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