



Mid Year Budget Review Land Tax Announcement

What has been announced?

From 2010-2011

The Government has announced (subject to legislation being passed by Parliament), that land tax relief will be provided from 1 July 2010 by:

- increasing the tax-free land tax threshold from \$110 000 to \$300 000;
- adjusting the subsequent land tax bracket to between \$300 001 and \$550 000 and introducing a tax rate for the bracket of 0.5 per cent;
- increasing the top band of the following bracket to \$800 000 from \$750 000; and

The top tax bracket of \$1 million will remain unchanged.

The following tables show the current land tax structure and the proposed land tax structure.

Current land tax structure

Total taxable site value	Tax applicable (%) <i>(a)</i>
\$0 to \$110 000	-
\$110 001 to \$350 000	\$0 + 0.30
\$350 001 to \$550 000	\$720 + 0.70
\$550 001 to \$750 000	\$2 120 + 1.65
\$750 001 to \$1 000 000	\$5 420 + 2.40
Over \$1 000 000	\$11 420 + 3.70

Land tax structure to apply from the 2010-11 land tax assessment year

Total taxable site value	Tax applicable (%)^(a)
\$0 to \$300 000	-
\$300 001 to \$550 000	\$0 + 0.50
\$550 001 to \$800 000	\$1 250 + 1.65
\$800 001 to \$1 000 000	\$5 375 + 2.40
Over \$1 000 000	\$10 175 + 3.70

(a) Tax rates apply to the excess above the lower limit of the taxable site value range.

From 2011-2012

From 2011-2012 the Government will increase the proposed land tax thresholds in line with the Valuer-General's annual assessment of average land value increases.

How will the Valuer General calculate the average increases in land values?

The Valuer General will determine the average increase in site values relevant to land tax consistent with the valuation roll adopted each June 30 for rating and taxing purposes as per the *Valuation of Land Act 1971*.

What does relevant to land tax mean?

Primary production land is exempt from land tax. Thus the average increase in site values will relate only to residential (including vacant allotments), commercial and industrial land.

What happens if property prices fall?

Thresholds will remain unchanged –they will not be reduced. However thresholds will not be increased in the subsequent year(s) until the fall has been recovered.

Will the Land Tax Act need to be amended?

The Act will need to be amended for both the threshold changes and the indexation measures. This will mean that legislation will need to be passed by Parliament.

Who will benefit from the threshold increases and rate changes?

It is estimated that around 121,300 ownerships will benefit from the proposed relief package, with around 74,500 ownerships no longer liable

for land tax in 2010-11.

Land tax relief of up to \$1,245 will be provided for remaining land tax payers.

2010-11 Land value (\$)	Tax payable		Value of relief (\$)
	Current rates and thresholds (\$)	Proposed rates and thresholds (\$)	
110,000	0	0	0
150,000	120	0	120
200,000	270	0	270
250,000	420	0	420
300,000	570	0	570
350,000	720	250	470
400,000	1,070	500	570
450,000	1,420	750	670
500,000	1,770	1,000	770
550,000	2,120	1,250	870
600,000	2,945	2,075	870
650,000	3,770	2,900	870
700,000	4,595	3,725	870
750,000	5,420	4,550	870
800,000	6,620	5,375	1,245
850,000	7,820	6,575	1,245
900,000	9,020	7,775	1,245
950,000	10,220	8,975	1,245
1,000,000	11,420	10,175	1,245
1,500,000	29,920	28,675	1,245
2,000,000	48,420	47,175	1,245
2,500,000	66,920	65,675	1,245
3,000,000	85,420	84,175	1,245

3,500,000	103,920	102,675	1,245
4,000,000	122,420	121,175	1,245
4,500,000	140,920	139,675	1,245
5,000,000	159,420	158,175	1,245
5,500,000	177,920	176,675	1,245
6,000,000	196,420	195,175	1,245
6,500,000	214,920	213,675	1,245
7,000,000	233,420	232,175	1,245
7,500,000	251,920	250,675	1,245
8,000,000	270,420	269,175	1,245
8,500,000	288,920	287,675	1,245
9,000,000	307,420	306,175	1,245
9,500,000	325,920	324,675	1,245
10,000,000	344,420	343,175	1,245

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