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LAND TAX

What is Land Tax?

Land Tax is an annual tax payable if the total taxable value of all the land you own in Victoria either individually or jointly at 31 December is \$250,000.00 (or \$25,000.00 for trusts).

What Land is Subject to Land Tax?

All land except your principal place of residence may be subject to land tax, including:

1. Investment properties (includes residential rental properties).
2. Commercial properties (for example retail shops, office premises and factories).
3. Holiday houses.
4. Vacant land.
5. Rural properties (but excluding a farm which is used for primary production).

Rooming houses and properties used for charitable purposes may also be exempt from land tax.

There are other exemptions that may also apply.

Who is a Land Owner for the Purpose of Land Tax?

Land owners can be individuals, companies or trustees, who:

- Hold the freehold title to land.
- Hold a lease of Crown land.
- Hold a Crown land licence with an absolute or conditional right to acquire the land.
- Are a life tenant.
- Manage a title-based, time-sharing scheme.
- Are a beneficiary or unitholder of certain trusts.

How Does Land Tax Work?

Your land tax liability for each calendar year is calculated on the site value of all land you owned as at 31 December of the previous year, excluding the site value of exempt land.

The Land Tax Department uses the site value issued by Councils to calculate land tax.

The amount of land tax you pay depends on the total site value of all your land (excluding exempt land) and on whether the land is held in a trustee capacity or you are an absentee owner (foreign person).

Vacant Residential Land Tax

From 1 January 2018, a vacant residential land tax (1 per cent of the capital improved value of residential property) is payable if a property in inner or middle Melbourne is left vacant for more than six months in a calendar year.

If you own a vacant residential property to which this tax applies, you will receive a separate residential land tax assessment. In addition, the vacant property will form part of the total taxable value of your land for land tax purposes.

Further Information

For further general information in relation to land tax you may visit the State Revenue Office (SRO) website at: www.sro.vic.gov.au/land-tax

Attached are two SRO flyers on:

- Understanding you land tax assessment.
- Changes and objections to land tax and vacant residential land tax assessments.

What To Do If You Have An Issue?

Land tax is a very complex area of law. If you receive a land tax assessment notice that you are unclear about, or if you are concerned that you may be liable for land tax but have not received an assessment, or an assessment is incorrect, it is important that you seek legal advice.

It is important to act promptly particularly if you wish to lodge an objection to a land tax assessment or to avoid considerable penalties for not paying land tax when you should have. The onus is on you to advise the Land Tax Department of any errors in their records. You should be aware that time limits apply for lodging objections.

For advice on your land tax concerns, please contact Anne Marie Gasbarro of McKean Park on 03 8621 2888 or a.gasbarro@mckeanpark.com.au.

Please Note: Many of the comments in this publication are general in nature and anyone intending to apply the information to practical circumstances should seek professional advice to independently verify their interpretation and the information's applicability to their particular circumstances.



Understanding your land tax assessment

Between January and April 2019, we will send close to 500,000 land tax assessment notices to customers.

The information on this page will help you understand your land tax assessment. It will also explain what you need to do. If you have received an assessment for the first time, you can [learn more here](#).

Your assessment notice should list:

- All the Victorian land you own, including land you own jointly with others.
- Your interest in any land held in a trust.
- Any exemptions that apply.
- A [site valuation](#) for each piece of land you own, which is used to calculate the land tax you pay.

It's important that you check the accuracy of your assessment and contact us promptly if you see any errors or omissions.

You can [pay your assessment](#) quarterly or in a lump sum, by credit card, [BPAY View](#) or by setting up [AutoPay Instalments](#).

Note: We do not adjust land tax for property bought, sold or settled during an assessment year. The owner of a property as at 31 December is responsible for paying the land tax assessment for the following year. Your solicitor or conveyancer can advise you about any land tax adjustments that need to be made on settlement.

Vacant residential land tax is different to land tax. If you have also received a vacant residential land tax assessment, you also need to [understand it and make sure it is correct](#).

Frequently asked questions about land tax

The answers to these frequently asked questions are designed to help you understand your land tax assessment, and what you need to do if your assessment is incorrect or you disagree with it.

If you have received a land tax assessment for the first time, [read more](#) about why.

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What is land tax?

It is an annual tax based on the total taxable value of all the land you own in Victoria, excluding exempt land such as your home (principal place of residence), as at midnight on 31 December in the year preceding the assessment year.

When the total taxable value of this land is equal to or above the \$250,000 threshold (\$25,000 for trusts) you must pay land tax.

Land tax and [vacant residential land tax](#) are different. You may receive an assessment for both.

How is land tax calculated?

It is calculated by applying the appropriate land tax rate to the total taxable value, or site value, of your land holdings. This taxable value does not include exempt land such as your home.

We do not prepare site valuations as these are prepared as part of the general valuation process, which is also used by local councils to calculate rates.

Why has my land tax increased this year?

If your assessment has increased, it is because the total taxable value of your land has increased so that it is equal to or exceeds the \$250,000 threshold (\$25,000 for trusts). The reasons for this could be:

- You have purchased non-exempt land in the past calendar year, such as an investment property or holiday home.

- An exemption has been removed. For example, you may have started renting out what used to be your principal place of residence.
- The value of your non-exempt land has increased to be equal to or above the threshold.

What is the assessment period?

Land tax is assessed on a calendar year basis on the land you own at midnight on 31 December before your assessment is issued. For example, the land you own at midnight on 31 December 2018 is used to calculate land tax in 2019.

When are assessments issued?

Generally we send land tax assessments to you or your authorised representative between late January and April each year.

We are committed to ensuring that all taxpayers pay the correct amount of land tax, so you may receive an assessment (including assessments for previous land tax years) at other times of the year.

For example, if we discover a principal place of residence exemption has been incorrectly applied to your land, we may issue reassessments to recover the land tax you should have paid for the years you incorrectly received the exemption. You may also be charged penalty tax.

What do I do when I get an assessment?

Check your assessment to confirm these critical points:

- Your postal and residential addresses are correct.
- All land that you own, including any land that you own with others, is included in your assessment.
- The land shown in your assessment was owned by you as at midnight on 31 December of the previous year.
- If you own the property you live in, it is marked as your principal place of residence on the Statement of Lands page.
- Any land you own that is eligible for an exemption from land tax is marked exempt.
- No land is incorrectly marked as exempt.
- Land you hold as trustee of a trust is not included.

If any of these details are incorrect on your assessment or you want to claim an exemption, you must tell us within 60 days of receiving your assessment.

I have not received a land tax assessment before, so why have I got one now?

It is because the total taxable value of the land you own, excluding exempt land such as your home, has increased so that it is equal to or exceeds the \$250,000 threshold (\$25,000 for trusts). There may be a number of reasons for this, including:

- The value of your non-exempt land has increased.
- The value of your land has changed.
- You have acquired non-exempt land, such as a holiday home or investment property.
- A previous exemption, such as the principal place of residence exemption, has ceased or was incorrectly applied, for example by your conveyancer.

Why do I have two assessments for the same property?

It depends on how you own land and who you own it with. There are three types of assessments:

- **Individual assessments** – you should only receive one individual assessment.
- **Joint assessments** – if you own land jointly with others you may also receive a separate joint assessment. Each unique combination of owners is considered a different joint ownership, so you may receive more than one joint assessment if you are a member of a number of unique joint ownerships. The person receiving the joint assessment is receiving it on behalf of the other joint owners.
- **Trust assessments** – if you own land as the trustee of a trust, you may receive a separate trust assessment for each trust for which you are trustee.

Remember, you may receive more than one assessment but you should receive only one individual assessment. If you receive more than one individual assessment, you must call us on 13 21 61 so that we can correctly record the land(s) you own.

What do the codes mean on my land tax assessment?

The following is a list of codes used on land tax assessments and their meaning:

- PC - Property is in a parcel and is not the lead property
- CP - Caravan park exemption
- CHR - Charitable exemption
- DPR - Dual principal place of residence exemption
- Ret - Retirement village
- SH - Single holding
- RS - Residential service exemption
- PPL - Primary production land exemption

- Mine - Mine exemption
- RES - Residential care
- SPO - Outdoor club exemption
- PPR BEN - Principal place of residence with beneficial interest
- DIV 4 - Divisional 4 exemption
- STAT - Statutory authority exemption
- Mun - Municipality exemption
- ARM - Armed services personnel exemption
- LCA - Low cost accommodation
- PPR - Principal place of residence exemption
- FRS - Friendly society exemption
- P (placed in front of the unimproved value) - Pro rata site valuation
- Sec 9 - Any other exemption
- CON - Construction for exempt uses
- CROWN - Crown land
- TS - Trust surcharge

What do I do if my assessment is incorrect?

It depends what is wrong. For common updates and changes to your assessment, you can call us on 13 21 61 or submit your request via our [online SmartForm](#).

You must do this within 60 days from your assessment's date of issue or penalties may apply.

Examples of common land tax changes are:

- Removing land you no longer own.
- Adding land you own that is not included on your assessment.
- Applying for a principal place of residence or primary production land exemption on land not marked as exempt.
- Removing an exemption to which you are not entitled.
- Updating your contact details.

For all other matters, you need to write to us explaining your issue and once we have reviewed your request, we will respond to you in writing. We may also contact you for more information.

Read our detailed instructions on [requesting all types of changes](#).

If you disagree with a site value in your assessment you cannot request a change, you have to [formally object](#) to it.

What happens if I don't tell you that my assessment is incorrect?

You must notify us of errors or omissions in your assessment so we can update it and ensure you pay the right amount of tax at the right time. You must notify us if you:

- Own additional land which has not been included in your assessment.
- Receive separate assessments for lands you own alone.
- Are receiving a [principal place of residence exemption](#) for land that is not, or is no longer, your principal place of residence (your home).
- Have received any other exemption for which you are not eligible.
- The land is held on trust.
- You are an [absentee owner](#) and your assessment has not included the absentee owner surcharge.

You must contact us within 60 days of receiving your assessment, or else [penalty tax may apply](#).

When do I have to pay my land tax?

Your assessment will outline when you have to pay your land tax.

Note: If your land tax is due for payment in full or by installment while you are awaiting a decision on your matter – whether a request for a change, objection or valuation objection – you should pay that amount as per your assessment. If you do not pay your assessment by the due date, interest may accrue daily on any outstanding amount.

How can I pay my land tax?

You can pay your land tax in a lump sum or you set your own payment frequency using [AutoPay Instalments](#). This enables you to set up automated payments using Visa, Mastercard or direct debit.

How do I set up an AutoPay Instalment schedule?

You can set up your automated [instalment payments online](#).

How do I authorise someone to act on my behalf?

You need to provide us with your written authority for them to act on your behalf. You can do this by completing a [SmartForm online](#) or logging onto [LTX Express](#) to update your contact details.

What if I disagree with the valuation on my assessment?

Your land tax assessment shows the site value of the land(s) you own. The site valuation, which is usually conducted by your local council, is used to calculate land tax. If you disagree with the site valuation of your land, you can object to it but there are different ways of doing this.

If you disagree with the site valuation(s) used in your assessment you can object to by completing and lodging a [Land Valuation Objection Form](#). A valuation objection **must be lodged with us within two months of receiving your assessment**.

How do I object to my assessment?

If you have an issue with your assessment which cannot be resolved through [requesting a change](#) and you think you have been incorrectly assessed, you can formally dispute the matter by lodging an objection.

A more formal process than requesting a change, you must complete and lodge an objection and provide detailed reasons to support your view.

We must receive your objection within 60 days of the date you received your land tax assessment.

Even if you have lodged an objection you must still pay your land tax in full by the due date or you may be charged interest. If your objection is successful, any amount overpaid will be refunded with interest.

We will advise you in writing of the outcome of your objection.

What if I own land with others?

If you own land with others, in whatever ownership structure, you are a [joint owner of land](#).

You may own land with different people. Each unique combination of owners is considered a different joint ownership. Joint owners are assessed for land tax in a different way.

I own land with my partner. Will we pay land tax?

If you own land with your partner, you are considered joint owners.

We assess joint owners for land tax together, as if they were one person, and we also assess each owner individually.

Whether you pay land tax as joint owners, individually, or both, depends on the land you own together and individually, the value of that land and how the land is used

What happens with land held on trust?

Land held on trust is treated differently from land held by a person in their own right.

If you own land as trustee of a trust, you have to pay land tax if the aggregate of the taxable Victorian land holdings of the trust is valued at \$25,000 or more.

Also, a surcharge rate on the general land tax applies for the aggregate Victorian land holdings of the trust from \$25,000 through to less than \$3 million. The surcharge does not apply for taxable land holdings valued at \$3 million or more.

The trust surcharge rule is subject to various exclusions and exceptions. It does not apply to certain trusts, such as an administration trust. Trustees may also avoid the surcharge rate by notifying us of the beneficial interests in land or unit holders of the trust.

What is the absentee owner surcharge?

From 1 January 2017, a 1.5 per cent absentee owner surcharge (previously 0.5 per cent) on land tax applies to Victorian land owned by an absentee owner. The absentee owner surcharge is an additional amount payable over the general and trust surcharge rates of land tax.

You must tell us if you are an absentee owner, otherwise penalties may apply.

What is grouping?

Corporations are related in certain circumstances. Where two or more corporations are related, the Commissioner may treat them as a group for land tax purposes.

The taxable value of all Victorian lands owned by a group is aggregated to calculate the land tax payable on those lands. Members of a group are jointly and severally liable for the land tax payable by the group.

Land held by a trustee of a trust is not grouped for land tax purposes, but you are required to notify us that the land is held on trust.

What is single holding tax?

Single holding tax is the amount of tax you would pay on one property if it was the only property you owned.

For example, if you own three taxable properties, then three separate single holding tax amounts will be shown on your assessment.

Single holding tax is shown against each taxable property on the Statement of Lands page of your assessment. Your principal place of residence and any other exempt land is not included in this calculation.

What is proportional tax?

Proportional tax is the tax applicable to a particular land as a proportion of the total land tax liability of your assessment.

For example, if you own four taxable properties, four separate proportional tax amounts will be shown on your assessment. Proportional tax is shown against each taxable property on the Statement of Lands page of your assessment. Your principal place of residence and any other exempt land is not included in this calculation.

What is special land tax?

Special land tax is a one-off tax charged in certain circumstances where land that was exempt loses its exempt status. It is charged at a rate of five cents for each dollar of the taxable value of the land at the date that the land ceased to be exempt.

If you are an absentee owner, you will be charged a rate of 6.5 cents for each dollar of the taxable value of the land.

Notices of assessment for special land tax are issued on a case by case basis, and can be issued at any time.

Can I claim an exemption?

Your home, also called your principal place of residence, is exempt from land tax, as is primary production land and land used by charities. Exempt land does not include investment properties or holiday homes you own, even if they are vacant.

If you move overseas to live or work for an extended period, this may also affect your principal place of residence exemption status.

Was this page helpful? *

Yes

No



Changes and objections to land tax and vacant residential land tax assessments

Your land tax assessment notice should list all the Victorian land you own, including your interest in any land you own jointly with others and any applicable exemptions.

Your vacant residential land tax assessment notice should list all the vacant residential land you own within the 16 inner and middle Melbourne council areas where the tax applies.

If you believe that your land tax assessment or your vacant residential land tax assessment is incorrect, you can:

- Object to the site value (land tax) or capital improved value (vacant residential land tax) on your assessment.
- Request a change to your assessment.
- Object to your assessment.

There are important differences between requesting a change to your assessment and lodging an objection.

When you contact us, you must clearly specify whether you want your matter treated as change request or an objection.

Requesting a change

You can request a change for simple and straightforward issues related to your assessment. You must do this within 60 days from the assessment's issue date or penalty tax may apply.

Land tax changes

It is your responsibility to tell us if there are any errors or omissions in your assessment.

Most updates or changes to your assessment are easy and take just a few minutes.

Examples of common changes are:

- Removing land you no longer own.
- Adding land you own that is not included.
- Applying for a principal place of residence (PPR) or primary production land (PPL) exemption on land not marked as exempt.
- Removing an exemption to which you are not entitled.
- Updating your contact details.

Have your assessment on hand along with any other information relevant to your request as we may need additional details.

Request your change by calling us on 13 21 61 or submitting your request via our online SmartForm.

For all other matters, you should write to us explaining your issue. We will review your amendment request and respond to you in writing. We may contact you for more information.

Vacant residential land tax amendments

Examples of common changes are:

- Updating your contact details, including your preferred method of contact.
- Claiming an exemption.
- Removing an exemption.
- Notifying us of additional vacant residential properties you own.
- Notifying us of residential properties that you own that are not vacant.

You can notify us of these changes via the vacant residential land tax portal. For all other matters, you should write to us explaining your issue. We will review your request and respond to you in writing. We may contact you for more information.

Disagreeing with your site or capital improved valuation

We use site valuations and capital improved valuations prepared by councils to calculate land tax and vacant residential land tax.

The most recent valuations were conducted in 2018 by local councils as part of the regular state-wide general valuation process. The site valuation and capital improved valuation also appear on your council rate notice.

You can object to either valuation if you disagree with it.

Objections

An objection is a formal avenue of dispute resolution and giving you formal rights of review and appeal. There are important time frames you need to meet.

Your objection must be lodged within 60 days of the date that you, or your representative, received your assessment. Objections lodged outside the 60-day period must include reasons for the delay and are accepted at our discretion.

There are different processes for objecting to the site valuation on your land tax assessment and the capital improved valuation on your vacant residential land tax assessment.

If you want to object to anything on your assessments other than the valuations, you can either send us your written objection by email or post or by complete and lodge our online objection SmartForm. Either way, you must provide detailed reasons why you disagree with your assessment.

Depending on your circumstances and the nature of your objection, you may have to explain in detail why your circumstances meet the eligibility requirements for a particular land tax exemption or concession or vacant residential land tax exemption or why the property should not be considered vacant, or is not residential land.

You need to provide evidence supporting your objection, which could include financial statements establishing details about a business, utility bills establishing residency at a property, or trust deeds or contracts establishing legal relationships.

You will receive a written notice of determination on your objection. We provide reasons if your objection is disallowed or partly allowed. If you disagree with our determination, you have the right to refer the matter for review to the Victorian Civil and Administrative Tribunal (VCAT) or appeal the matter to the Supreme Court of Victoria.

An objection to a reassessment is limited to the extent of the liabilities that are additional to or greater than the liabilities under the previous assessment, for example, if your reassessment includes a property not in your original assessment or a new site valuation results in an increased liability.

Unclear requests

If your request is unclear about whether you are requesting a change or lodging an objection, we use our discretion to decide which applies.

We would generally treat your matter as a change request where, for example:

- The matter is a simple error or oversight.
- We do not dispute your view on the matter.

- You have not provided supporting documents or written reasons which state fully and in detail why your land tax assessment is incorrect.

We would generally treat your matter as an objection where, for example:

- We have previously advised you that we disagree with your view on the matter.
- Your written correspondence suggests you intend to formally dispute your assessment.
- Your request is made within 60 days of your assessment's issue date.

Pay your tax while waiting for a decision

If your tax is due for payment, either in full or by instalment, you should pay the amount owing while you wait for a decision. If you do not pay your assessment by the due date, interest may accrue daily on any outstanding amount regardless of your change request or objection.

You may be able to pay a provisional amount but you must contact us on 13 21 61 to discuss this.

If you have paid or partially paid your assessment and we amend your assessment or fully or partially allow your objection, we will refund any overpaid tax.

If we do not amend your assessment or your objection is disallowed, you may be liable for interest on the outstanding portion of your liability, calculated at the market and premium rates from the original due date shown on your assessment notice. You may also lose the option to pay the assessment by instalments.

Was this page helpful? *

Yes

No