

FIRST PRINT

LAND TAX LEGISLATION (AMENDMENT) BILL 1992

NEW SOUTH WALES



EXPLANATORY NOTE

(This Explanatory Note relates to this Bill as introduced into Parliament)

The object of this Bill is to amend the Land Tax Act 1956 and the Land Tax Management Act 1956:

- (a) to increase the tax free threshold from \$160,000 to \$320,000 (the taxable value of land below which no land tax is payable);
- (b) to change the basis on which land tax is calculated so that it will be calculated separately on each individual parcel owned by a person (with the tax free threshold applying to the value of each parcel) rather than on the total value of all the parcels owned by a person (with the tax free threshold applying once only to that total);
- (c) to extend the existing land tax exemption for boarding-houses providing low income residential accommodation to other multiple occupancy buildings that provide that accommodation and to remove the restriction that the accommodation not involve a residential lease.

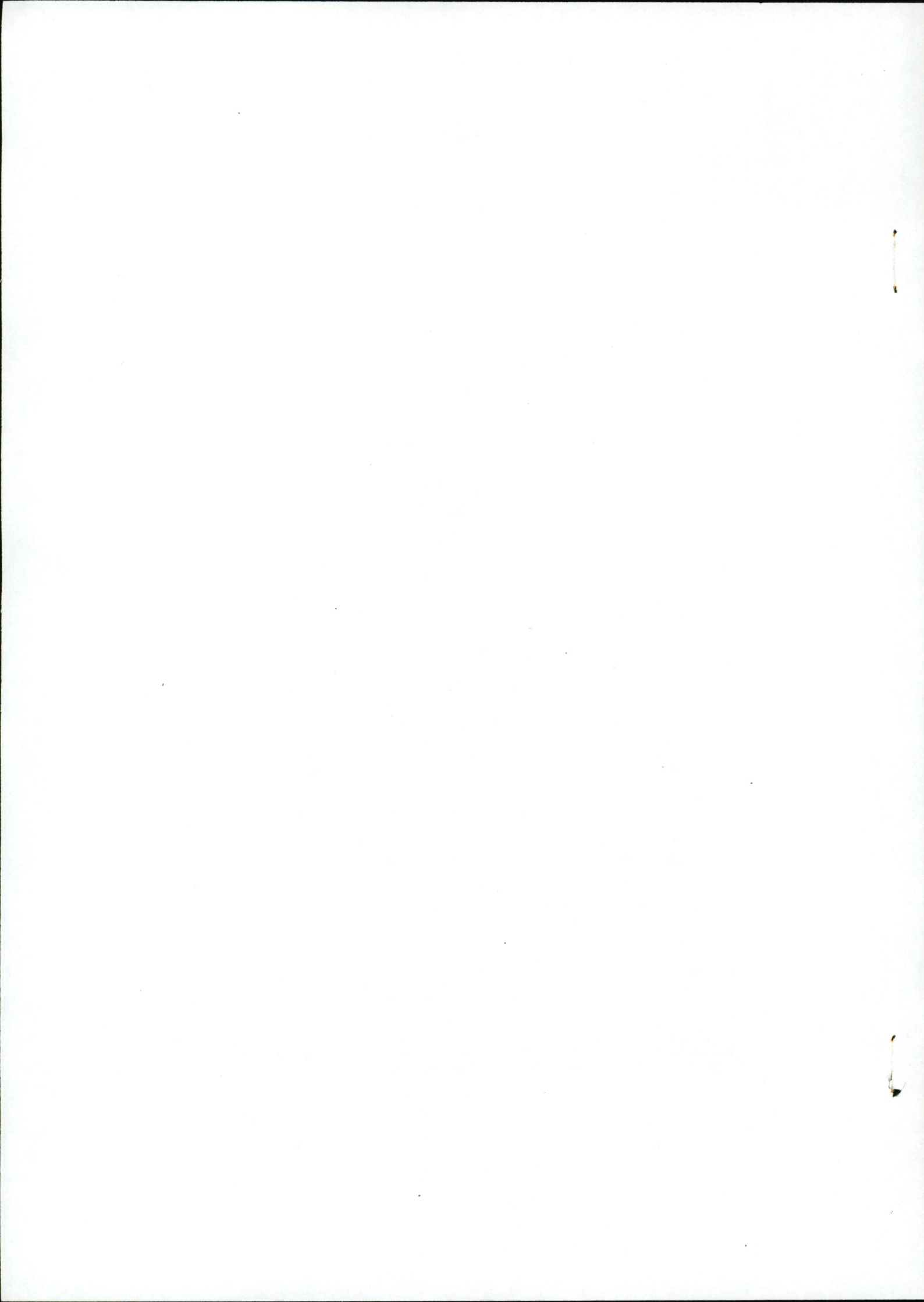
Clause 1 specifies the short title of the proposed Act.

Clause 2 provides for the commencement of the proposed Act on 31 December 1992.

Clause 3 gives effect to Schedule 1.

Clause 4 provides that the explanatory notes appearing in the Bill do not form part of the proposed Act.

Schedule 1 makes the amendments to the Land Tax Act 1956 and the Land Tax Management Act 1956 described above. Each amendment is explained in detail in the explanatory note relating to the amendment concerned.



FIRST PRINT

LAND TAX LEGISLATION (AMENDMENT) BILL 1992

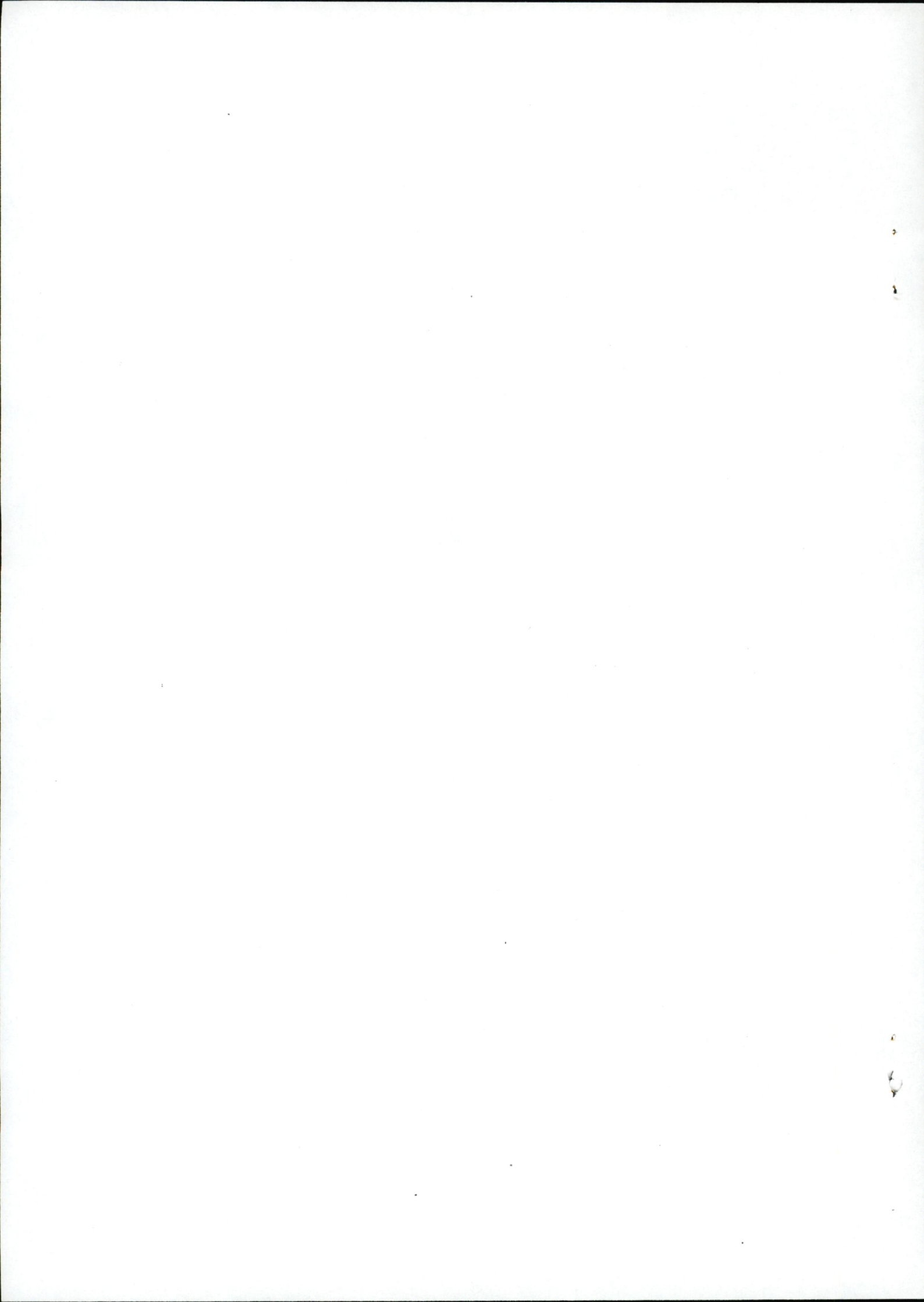
NEW SOUTH WALES



TABLE OF PROVISIONS

1. Short title
2. Commencement
3. Amendment of Land Tax Act 1956 No. 27 and Land Tax Management Act 1956 No. 26
4. Explanatory notes

SCHEDULE 1—AMENDMENTS



LAND TAX LEGISLATION (AMENDMENT) BILL 1992

NEW SOUTH WALES



No. , 1992

A BILL FOR

An Act to amend the Land Tax Act 1956 and the Land Tax Management Act 1956 to make further provision with respect to the tax free threshold, tax concessions for low income rental accommodation, and disaggregation; and for other purposes.

Land Tax Legislation (Amendment) 1992

The Legislature of New South Wales enacts:

Short title

1. This Act may be cited as the Land Tax Legislation (Amendment) Act 1992.

5 Commencement

2. This Act commences or is taken to have commenced on 31 December 1992.

Amendment of Land Tax Act 1956 No. 27 and Land Tax Management Act 1956 No. 26

10 3. The Land Tax Act 1956 and the Land Tax Management Act 1956 are amended as set out in Schedule 1.

Explanatory notes

4. Matter appearing under the heading "Explanatory note" in Schedule 1 does not form part of this Act.

15 **SCHEDULE 1—AMENDMENTS**

(Sec. 3)

Land Tax Act 1956 No. 27

Section 3AF:

After section 3AE, insert:

20 **Levy of land tax after 31 December 1992**

3AF. (1) This section applies to land tax in respect of land owned at midnight on 31 December in any year, commencing with 1992.

25 (2) Land tax is to be charged, levied, collected and paid under and in accordance with the Principal Act in respect of each parcel of land owned by a person at the rate of 1.5 cents for each \$1 over \$320,000 of the adjusted value of the parcel.

30 (3) If an amount of land tax is assessed that is an amount of whole dollars and a number of cents which is not a multiple of 10, the number of cents is to be disregarded if less than 10 or reduced to the multiple of 10 next below if more than 10.

Land Tax Legislation (Amendment) 1992

SCHEDULE 1—AMENDMENTS—*continued*

Explanatory note

The amendment to the Land Tax Act 1956 will increase the tax free threshold from \$160,000 to \$320,000. This is the value below which no land tax will be payable. The new threshold will apply from and including the 1993 land tax year. The amendment also reflects the amendment to section 9 of the Land Tax Management Act 1956 (see item (1) of the amendments to that Act) under which land tax will be levied separately on the values of each individual parcel of land owned by a person, rather than on the total value of all the parcels owned by a person (as at present).

Land Tax Management Act 1956 No. 26

(1) Section 9:

Omit the section, insert instead:

Land tax levied on each parcel separately 15

9. Land tax is payable by the owner of land on the adjusted value of each parcel of land owned by the taxpayer and not exempt from taxation under this Act. The tax is payable in respect of the adjusted value of each parcel separately (not the aggregation of those values). 20

Explanatory note

Item (1) alters the basis on which land tax is calculated. At present, the tax payable by a person is calculated on the total value of all the land owned by the person. The tax free threshold is then applied to this total value. The amendment provides that tax is to be calculated on the value of each individual parcel of land owned by a person. The tax free threshold will be applied separately to the value of each parcel. Each parcel of land will in future require a separate valuation for this purpose and there is currently provision in the Act to permit this. 25

(2) Section 10Q (Exemption—low income rental accommodation): 30

Omit section 10Q (1)–(3), insert instead:

(1) Land is exempted from taxation under this Act leviable or payable in respect of the year commencing on 1 January 1993 or any succeeding year if the following requirements are satisfied: 35

Land Tax Legislation (Amendment) 1992

SCHEDULE 1—AMENDMENTS—*continued*

- 5 (a) the land is used and occupied primarily for providing accommodation for low-income persons in a multiple occupancy building (such as a boarding-house, rooming house, serviced rooms or flatettes, or furnished or unfurnished rooms or flats with or without a resident manager);
- 10 (b) the Chief Commissioner is satisfied that the land is used and occupied in accordance with guidelines approved by the Treasurer for the purposes of this section;
- (c) application for the exemption is made in accordance with this section.

15 (2) The exemption does not apply to land if the premises used and occupied for providing the accommodation are premises in respect of which a hotelier's licence under the Liquor Act 1982 is in force.

Explanatory note

20 Item (2) amends the current provision of the Act that grants a land tax exemption for boarding-houses providing low-income residential accommodation.

25 The amendment broadens the range of accommodation that qualifies for the exemption to include other forms of multiple occupancy accommodation (such as flats) and removes the restriction that the accommodation not be the subject of a residential lease.

The result of the amendment will be that a large house converted to flats leased to low-income persons will be able to qualify for the exemption.

30 The existing requirement that the accommodation has to comply with guidelines issued by the Treasurer remains.

(3) Schedule 2, clause 18:

After clause 17 of Schedule 2, insert:

Land Tax Legislation (Amendment) Act 1992

Operation of amendments

35 18. The substitution of section 9 and the amendment of section 10Q by the Land Tax Legislation (Amendment) Act 1992 do not apply in respect of a tax year before the tax year that commences on 1 January 1993 and do not affect any existing liability for land tax.

Land Tax Legislation (Amendment) 1992

SCHEDULE 1—AMENDMENTS—*continued*

Explanatory note

Item (3) makes it clear that the amendments concerning disaggregation and low-income accommodation do not apply until the 1993 land tax year.
