

**Submission
No 14**

INQUIRY INTO LAND VALUATION SYSTEM

Name: name suppressed

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I recently received our Land Tax Assessment Notice and was completely gobsmacked at the increase in land values. In the past when our economy was in good health we reluctantly accepted the values without objection but recently I feel compelled to object.

We are involved in several commercial/residential properties around the Balmain and Rozelle area .It is a well known fact that the commercial and retail sector has suffered in the last few years. The undeniable truth is that some commercial rents have dropped in the vicinity of 20 to 40 percent and some properties have been vacant for a considerable amount of time yet the Valuer General continues to increase unimproved capital land values regardless of the current market. Put simply, how can the land value increase when the income has decreased or is at nil? Regretfully these increases must be passed on to the tenant however not all are able to absorb the increase so it falls back on the landlord.

As an investor the yield or rental return on the property is what makes it financially appealing but the valuer general does not take this in to consideration. You cannot compare a property occupied by the Commonwealth Bank on a fifteen year lease with say a cafe or a building that is vacant. Paying land tax on an empty building is similar to paying tax when you have no income.

I believe the current system is totally out of touch with reality .I could go on with numbers and percentages but I am confident you would be aware of the increases .The impost of such a tax is felt all the way down the line and with the current attitude of the VG 's department nothing will improve.