

## Land Tax Changes To Take Effect From 30 June

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Land Tax changes will take effect in South Australia from 30 June 2020. These include lower tax rates and the introduction of new land tax aggregation provisions, a different tax rate for land held in trust, and grouping provisions for related corporations.

The raft of changes means that all owners of land may need to provide information to RevenueSA, even where it was not previously required.

Many landowners, farmers as an example, won't realise that these new rulings may impact them because farming land is exempt, said Sam Crawford, Accounting Director at Crosby Dalwood.

He said "it appears that Revenue SA is embarking on information gathering as a way to improve the accuracy of its database, but the time cost for many land owners will be significant."

Letters are being sent to land owners through May 2020, asking them to review their land holding information and confirm or update their information.

The letters require land owners to login to the RevenueSA online portal and take the following actions to provide information:

On behalf of your group, review the related corporations who have been identified by:

- ✳ Nominating a different corporation to complete the review of the group;
- ✳ Confirming that all related corporations have been included;
- ✳ Adding any related corporations that have not been included; or
- ✳ Advising where related corporations have been incorrectly included.

Review the land you have been identified as owning by:

- ✳ Confirming that all your land has been included;
- ✳ Adding any land you own that has not been included;
- ✳ Advising where land has been included incorrectly;
- ✳ Advising of any land that you own as trustee of a trust (which may include advising of beneficiaries).

Confirm or modify the billing address and preferred billing method of your ownership (which may be different to the address on the letter).

**The information is required by 3 June 2020.**

From midnight, 30 June 2020 the following changes come into effect for land tax:

#### *Threshold and rates*

- ✳ An increase in the threshold to \$450,000
- ✳ A threshold of \$25,000 introduced for trust ownerships
- ✳ Surcharge rates introduced for trust ownerships
- ✳ A reduction of the top-tier rate of land tax

#### *Assessment of land tax*

- ✳ How land is aggregated (combined) for the assessment of land tax for owners with multiple ownerships
- ✳ Grouping of related corporations for the assessment of land tax

#### *Exemptions and ex-gratia*

- ✳ Native vegetation exemption
- ✳ Transition fund for increases of more than \$2500 due to the changes
- ✳ Concession for developers of land being used to develop affordable housing
- ✳ Exemption pilot program for affordable community housing

For Trustees in particular, how the land-holding declaration is completed now, could have a material impact on land tax assessments in the future.

Trustees will be asked to supply supporting documentation, including:

- ✳ A copy of the Memorandum of Transfer showing the consideration was paid by the trust;
- ✳ A copy of the original executed deed of trust; and
- ✳ A copy of each Deed of Variation if there have been any variations or amendments made to the original Deed of Trust since its execution.

In addition, trustees will be given the option to nominate a beneficiary, or beneficiaries, depending on the type of trust, who will then be considered to be an owner of the land held on behalf of that trust. The nomination of a beneficiary, or choosing not to nominate a beneficiary, may not necessarily be a straight forward decision due to how land tax is now calculated.

“We encourage you to seek advice prior to completing this nomination as again it may affect your current or future land tax assessment,” said Sam Crawford. The trustee has until 30 June 2021 to nominate a beneficiary, but Revenue SA is calling for nominations to be made now.

Land ownership, site value and land use as at midnight 30 June each year is used to determine the land tax for the forthcoming financial year. Land tax revenue, managed by RevenueSA assists in the provision of public services such as education, health and public safety.

If you have questions, or if you require any assistance with land tax information, please ring your Accounting & Business Adviser on 8362 0466 or send an email and we will get in touch.