



Newsletter, January 2020

Practice Update

Happy New Year to everyone! We hope that you all enjoyed a break over the holiday period.

Land tax changes

From 1 July 2020, there will be new lower land tax rates and increased thresholds. Land tax is based on the site value of the land, which does not include buildings or other improvements. A person's principal place of residence is exempt from land tax. Land will also be exempt from land tax where:

- fixed and unit trust beneficiaries or unitholders use it as their principal place of residence where a notification of beneficial interests is in force;
- discretionary trusts nominated beneficiaries use it as their principal place of residence.

Land held in certain trusts may also be subject to higher surcharge rates of land tax. For existing properties owned on 16 October 2019, trustees can:

- nominate the beneficiaries or unitholders of a trust and be subject to the general rates (a once-off nomination must be made prior to 30 June 2021 and it generally cannot be changed – this option will not be available to future property purchases); or
- pay the higher surcharge rates of up to 0.5%.

2020-2021	General rate	Trust rate (surcharge)
0 to \$25,000	\$0	\$0
\$25,001 to \$450,000	\$0	\$125 + 0.5%
\$450,001 to \$755,000	\$0 + 0.5%	\$2,250 + 1%
\$755,001 to \$1,098,000	\$1,525 + 1.25%	\$5,300 + 1.75%
\$1,098,001 to \$1,350,000	\$5,812.50 + 2%	\$11,302.50 + 2.4%
\$1,350,001 +	\$10,852.50 + 2.4%	\$17,350.50 + 2.4%

The trust surcharge will be capped at a maximum rate (\$6,498 for the 2020-2021 financial year). If a trustee chooses to nominate the beneficiaries or unitholders for land tax purposes, the beneficiary's interest in the land will be aggregated with any other interests in land that they own. Self-manager superannuation funds will not be liable to pay a surcharge and will not be aggregated with properties not owned by the superannuation fund.

During the transition, relief will be available to individuals and companies equivalent to percentage of the increase compared to the previous year (where the increase is above \$2,500). The relief assessed on the amount above \$2,500 will be 50% in 2020-2021, 30% in 2021-2022 & 15% in 2022-2023. The relief will be administered as an ex-gratia payment but it must be applied for by 31 March in the relevant year (prior to the land tax assessment).

Lodgement Dates

The end of the December quarter may easily be forgotten over the holiday period so you should be aware of the following dates:

- 28 January 2020 December quarter superannuation payment due
- 28 February 2020 December quarter BAS due

Did you know that if your Tax Agent lodges your quarterly BAS electronically, you get a four week electronic lodgement and payment concession? This isn't available for the December BAS as the normal due date is extended by four weeks after the Christmas period for everyone.

Kind regards, Nick