



Who pays land tax and how is it calculated?

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We understand that Revenue NSW (the government body that governs stamp duty and land tax) were undertaking a major audit during 2020 in respect of land tax and ensuring that everyone who **should** be registered for land tax **is** registered for land tax. Many people have received correspondence from Revenue NSW with an invoice for multiples years of land tax because they did not know they were liable for land tax and had not registered.

What is land tax?

Land tax is a tax that is levied each calendar year in respect of property, commercial or residential that you own in NSW. Any property that you own that is your principal place of residence is exempt from land tax.

The land tax liability is calculated as at 31 December for the next calendar year. Therefore, whatever property you own as at 31 December each year is used as the basis of what land tax you will be charged for the following calendar year.

What sort of property attracts a land tax liability?

Land tax may be applicable to:

- vacant land;
- land where a property has been built;
- an investment property including apartments and units;

- a holiday home;
- company title units;
- residential, commercial or industrial units;
- commercial properties; and
- land leased from the government.

How do I know whether I need to pay land tax?

Whether or not you will have a land tax liability depends on the land value and the land tax thresholds. There is a general threshold and a premium threshold.

Land value is the value of the land, ignoring the value of the building(s) and structures on the land. In the case of a unit, land value is the value of the land upon which the building has been erected. The value is then apportioned among the units in the strata scheme using the unit entitlement.

How is land tax calculated?

If the value of all the land you own (excluding your principal place of residence) falls under the general threshold, you are not required to pay land tax.

If the value of all the land you own (excluding your principal place of residence) falls between the general threshold and the premium threshold, you will be required to pay land tax at the rate of \$100.00 plus 1.6% of the land value above the general threshold but below the premium threshold.

If the value of all the land you own (excluding your principal place of residence) exceeds the premium threshold, then the land tax payable is \$60,164.00 plus 2% of land value above the premium threshold.

The land tax thresholds for the past few years are as follows:

Tax Year	General Threshold	Premium Threshold
2020	\$734,000.00	\$4,488,000.00
2019	\$734,000.00	\$4,231,000.00
2018	\$734,000.00	\$3,846,000.00
2017	\$549,000.00	\$3,357,000.00
2016	\$482,000.00	\$2,947,000.00
2015	\$482,000.00	\$2,641,000.00

2014	\$482,000.00	\$2,519,000.00
2013	\$482,000.00	\$2,482,000.00

Example of the general threshold calculation

- You own an investment property that had a land value of \$900,000.00 in 2020.
- Using the 2020 calendar year figures you have a threshold of \$734,000.00.
- You only pay land tax on the difference between the land value and the threshold, which equals \$166,000.00
- The land tax payable is $\$166,000.00 \times 1.6\% + \$100.00 = \$2,756.00$.

Example of the premium threshold calculation

- You own an investment property that has a land value of \$5,000,000.00 in 2020.
- Using the 2020 calendar figures you have a threshold of \$4,488,000.00.
- You pay land tax on the difference between the land value and the threshold which equals \$512,000.00.
- The land tax payable is $\$512,000.00 \times 2\% + \$60,164.00 = \$70,404.00$.

What if I own a property in a company or a trust?

If you own property in a company, then a company is generally assessed in the same way as an individual unless the company is related to another company.

Companies are related if:

- one company controls the composition of the board of directors of the other company;
- one or more persons own more than half the voting shares in two or more companies;
- a person or persons and a company, in which they are a shareholder together, have a controlling interest shareholding in another company.

The treatment of land tax in respect of a trust can significantly differ from the treatment of an individual or company, depending on the type of trust. We always suggest obtaining advice from an accountant.

you can read more about how land tax is treated in trusts, in our blog "[Land tax liability when property is held in a trust.](#)".

How do I find out my land value?

Your land value is usually shown on your Council rates and can also be obtained through some council websites.

How do I register for land tax?

You can register for land tax at the [Revenue NSW website here](#).

What if I do not register for land tax?

If you fail to register for land tax, it is highly likely that, at some point, this will be discovered by Revenue NSW. They will then remit you for all the unpaid land tax (which could be over several years) and can charge you interest together with penalties.

Get help from a property lawyer

Please note that this blog is provided for your general information only. If you have queries with respect to land tax generally (such as registering for land tax, assessing your liability to pay land tax, understanding your land tax assessment, challenges to land tax assessments, eligibility for land tax exemptions and the like) please refer to the [Revenue NSW website](#).

We do not provide free advice by telephone.

However, if you wish us to consider your concerns, then please send an email to info@ealawyers.com.au outlining your concerns and provide us with a copy of your Trust Deed, your land tax assessment and a copy of any correspondence recently received from Revenue NSW. We will then provide you with an estimate of our fees to advise you on your matter.

Contacting E&A Lawyers

For more information or to arrange a consultation with a lawyer, you can call or email us.

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