



David Bartlett, MP

Premier

Thursday, 10 December 2009

Land Tax Changes – How They Will Work

Tasmanian businesses with a land value of more than \$350,000 will benefit immediately from the land tax reforms announced today by the Premier.

The Government will flatten the tax rates for business properties worth in excess of \$350,000 and the savings to businesses will apply to any value over that threshold figure.

Until now, land tax on businesses with land values over \$350,000 was charged at two per cent of value.

The Government's reform package will see this cut to 1.5 per cent.

Businesses with land values in excess of \$750,000 have had land tax levied at a rate of 2.5 per cent until now.

This will now be flattened to 1.5 per cent, meaning that as a result of today's reforms, any business in Tasmania with land worth more than \$350,000 will pay a flat rate of 1.5 per cent.

There will be no change to the land tax costs for businesses with land worth less than \$350,000.

Premier David Bartlett said the savings to business would amount to around \$18.5 million in 2009-10 and would increase to almost \$30 million in 2010-11.

"This is clearly a significant saving for Tasmanian industry and will help free-up capital to re-invest into businesses and to employ more Tasmanians," he said.

"We will also be moving to help Tasmanian businesses in their transition to the new land tax system by smoothing out the change to the new arrangements up until 2011-12.

“While the new land tax rates will officially start from July 1, 2010, the Government will also cap increases so that for some businesses, the changes will be phased-in over three years to give businesses time to plan and adjust their budgets.

“Up until 2011-12, no business will pay more than a 100 per cent annual increase on their land tax bill.”

Example A

A business that saw its land tax bill increase from \$5000 in 2008-09 to \$26,500 in 2009-10 as a result of revaluation would benefit from a decrease to around \$17,900.

But the three-year cap guaranteeing a jump of no more than 100 per cent in a single year would see this year's bill further reduced to \$10,000 this year, followed by a step to around \$15,000 in 2010-11 before the new rate of \$17,900 came into effect in 2011-12.

Example B

A business with a \$3000 land tax bill in 2008-09 that increased to \$12,000 this year would only have to pay \$6000 in 2009-10.

It would then step-up to around \$9000 in 2010-11 before arriving at the new full figure of \$9200 in 2011-12. The new full figure is a result of flattening the rate for land valued over \$350,000 at 1.5 per cent.

Mr Bartlett said any business that had already met its new land tax liability for the current year would not have to pay the balance.

Those that had already paid their full 2009-10 bill will receive a rebate for the difference.

Mr Bartlett said the Government recognised the cost of land tax was still significant but struck a fairer balance between those liable to pay and those needing to access important public services.



David Bartlett, MP

Premier

Thursday, 10 December 2009

Land Tax Reforms To Drive More Tasmanian Jobs

A package of land tax reforms worth \$19 million to Tasmanian businesses this financial year was unveiled by the Premier today.

Mr Bartlett said the Government had listened to the concerns of the business community and had developed amendments to the land tax system that would relieve pressure on employers and help them create more new Tasmanian jobs.

The value of the package will grow to \$31 million next financial year as the full impact of the reforms take effect.

The package includes:

- Businesses with land values of more than \$350,000 will be eligible for rebates this financial year reflecting the new land tax rates;
- Land tax benefits to businesses and private investors across the board will be on the component of their land value over \$350,000;
- The rate of land tax on land values over \$350,000 is to be immediately cut from two per cent to 1.5 per cent and those valued at over \$750,000 currently paying 2.5 per cent land tax will receive the benefit of a full one per cent reduction;
- The new tax rates will apply from July 1, 2010 but to assist industry in the transition to the new rates, a cap will see no eligible business pay an increase greater than 100 per cent this financial year and in 2010-11;
- Landlords are required to pass on the land tax savings to their business tenants and the Government will consider legislative action to ensure this if there is evidence those who actually pay land tax bills do not receive the benefits of the new rates;
- Land tax will be abolished on shacks with a land value of up to \$500,000 from 2010-11;

- Intending first home-builders will be given up to two years starting from 2010-11 to complete construction in order to be eligible for a full rebate on the land tax they have paid on their block;
- The Valuer-General will receive up to \$4 million in additional funding per year to move towards a two to three-year revaluation system that will smooth bill spikes caused by the current six-year revaluation cycle. The Government will also work with the Valuer-General to ensure people are better informed about their new valuations; and
- Those Tasmanians running small businesses from home will no longer pay land tax on the part of their home used for business purposes from 2010-11.

“In arriving at this package, the Government is using the state’s stronger than expected revenues to provide tax relief to businesses that will employ more Tasmanians and keep our economy strong,” Mr Bartlett said.

“But we are also using our financial position to look after those Tasmanians saving to build their first home, to family shack owners and to people who run a business from their home.

“This is a well-balanced package that will drive the economy and provide relief to those who need it.”

Mr Bartlett said he recognised large increases in land tax bills as a result of revaluations had hurt many Tasmanians and he had listened to their concerns.

“Whilst we have the second-most competitive overall tax system in Australia, no one could have predicted the strong growth Tasmania would experience despite the global recession,” he said.

“We recognise we must respond to some of the massive increases in land tax bills triggered by property revaluations.

“Today, I am taking action to adjust our policy settings and put money back into the pockets of Tasmanians – particularly those who have the capacity to create new jobs.

“These savings will add to the more than \$200 million-plus this Government is already returning to the Tasmanian community every year from previous tax cuts.

“At the same time as reforming our land tax system, I am also committed to investing more into our public service pressure points that have built-up as a result of financial constraints caused by the global recession.

“Tasmania can afford to provide this land tax relief at the same time as addressing those priority needs within the public sector.

“This package strikes a good balance between the needs of those liable to pay land tax and the needs of the broader community who depend upon public services.”



David Bartlett, MP

Premier

Thursday, 10 December 2009

Land Tax Rebates For Tasmanian Businesses

Tasmanian businesses will share in land tax rebates worth around \$18.5 million this financial year.

Changes announced today by the Premier will put money back into the pockets of employers to help drive jobs and the economy.

Mr Bartlett said he had listened to the anger and pain from business people over land tax hikes due to the recent round of property revaluations.

“I have listened and I am now providing a comprehensive response that will drive new jobs and investment in Tasmania,” Mr Bartlett said.

“We have created 40,000 new jobs in Tasmania by creating a strong and competitive business environment.

“I want this Government to be focused on working with business to drive the next 40,000 jobs for Tasmanians.

“Whilst we have a highly-competitive tax system overall, I accept that we have taken our eye off the ball on land tax and that this issue has caused some businesses to consider cutting staff and put their investment decisions on hold.

“That benefits nobody and we have taken a responsible decision to free-up the burden on business for the benefit of the broader community.”

The Government had budgeted to receive \$90 million in land tax revenue this year to fund public services.

Current estimates suggest that the Government would have received \$94 million in land tax revenue by the end of the financial year – contrary to the wild claims of other political parties.

Mr Bartlett said that by handing around \$18.5 million back to businesses in rebates this year, the Government was returning far more than it was expected to gain from land tax.

He said all businesses which met the eligibility criteria with land valued in excess of \$350,000 and that had at least paid the amount equivalent to their new land tax bill for this year would be in line for rebates under the new system.

“The amount of the rebate will at the very least be the difference between what businesses have paid and what they should have paid under the new arrangements,” Mr Bartlett said.

“It could be much larger depending on the size of the business’s land tax increase.

“The rebate will ensure that no eligible business receives an increase in land tax of more than 100 per cent in 2009-10 or 2010-11.

“This will put many millions of dollars back into the pockets of employers and will help keep Tasmania’s unemployment rate low relative to the rest of the nation.”

Tasmanian Government Communications Unit

Further information:

Phone: (03) 6233 6573



David Bartlett, MP

Premier

Thursday, 10 December 2009

Home businesses exempt from land tax

People who run businesses from their homes will no longer have to pay land tax on the part of their home used for the business," Premier David Bartlett announced today.

"This will be a big benefit to small business.

"This will help families who might run a small bed and breakfast from their home or for a consultant or music teacher who works from an office in their home.

"With the roll out of optic fibre throughout Tasmania there will be an increased opportunity for people to work to the world from their homes.

"Ending land tax for these people will be one less financial issue they have to worry about and may help encourage what is likely to be a growing part of our economy."

The measure will require legislation, will apply from next financial year and will cost \$550,000.

Tasmanian Government Communications Unit

Further information:

Phone: (03) 6233 6573



David Bartlett, MP

Premier

Thursday, 10 December 2009

More Frequent Land Valuations

Tasmania's land valuation system will be sped-up in an effort to eliminate the major spikes that have driven huge increases in land tax bills.

Premier David Bartlett today announced the State Government would provide up to an additional \$4 million-a-year to the Valuer-General's Office to enable more frequent property valuations.

"Currently, property revaluations occur every six years," Mr Bartlett said.

"That is not frequent enough to keep pace with the increasing value of land in Tasmania.

"So we will be providing an extra \$4 million to the Valuer-General's Office to give it the resources it needs to move to a two to three-year revaluation cycle.

"I want to stress that the change should not be seen as a criticism of the performance of the Valuer-General or his office.

"On the contrary, they have done their best to keep up with limited resources.

"It is clearly the case that these extra funds are required to implement a revaluation system that more closely reflects the strong growth in Tasmanian property values.

"A shorter revaluation cycle will have the effect of removing catch-up spikes when new land values are assessed.

"For those Tasmanians who pay land tax, this will flow directly through into annual land tax bills, meaning we should no longer see increases of the magnitude of 600 or 700 per cent in some extreme cases.

"The new revaluation cycle will see a gradual rise in land tax bills over time and allow businesses to reasonably predict the range of their next bill and plan accordingly.

“It will provide stability and certainty, which will be good for employment and investment.”

Mr Bartlett said the Government was conscious of the considerable pressure the Valuer-General's Office had been under and would work with it to ensure Tasmanians were better informed about their new valuations.

Tasmanian Government Communications Unit

Further information:

Phone: (03) 6233 6573



David Bartlett, MP

Premier

Thursday, 10 December 2009

Land tax cut for shack owners

Land tax on most family shacks will be abolished under changes announced today by Premier David Bartlett.

“Family shacks are part of the Tasmanian lifestyle and many of them have been in the same family for generations.

“Increasing land prices have pushed many shacks into high land tax brackets making them unaffordable for many ordinary Tasmanians.

“The Government recognises that increased land value is not translated into income for those families but is an asset that they cannot realise unless they sell the very thing that is an important part of their family culture.

“We all know of Tasmanians who have shacks on the Coast or in Highlands not for any profit but to be able to make the most of the wonderful lifestyle of Tasmania.

“I don’t want to see working families forced to sell their shacks to wealthier people because of the burden of land tax.

“These reforms will mean that shack-owners who do not derive an income from them will not pay land tax on properties where the land value is less than \$500,000.”

“People with shacks on land worth more than \$500,000 will benefit from the overall cuts in tax rates.”

The changes will require legislation, will apply from the start of next financial year and will cost \$2.5 million.

Tasmanian Government Communications Unit

Further information:

Phone: (03) 6233 6573



David Bartlett, MP

Premier

Thursday, 10 December 2009

First home builders get tax relief on land tax

First home builders will be able to get a rebate for land tax for up to two years on their block of land, Premier David Bartlett said today.

“The Government recognises it is unfair for someone to buy a block of land for their first home and to pay land tax on it while their house is being built.

“This is an anomaly because once the home owner moves into the house they no longer have to pay land tax because it is their principal residence.

“Under this scheme a someone who is having a home built and is eligible for a rebate on stamp duty under the first home owners grant scheme will also be entitled to a rebate on any land tax they pay on their land.

“That will apply on land up to a value of up to \$175,000.

“The rebate will be paid once the home is completed and the owner moved in.

“This is another measure that the Government can take to help young people build their homes.”

The measure will require legislation, will apply from next financial year and will cost \$600,000.

Further information:

Tasmanian Government Communications Unit

Phone: (03) 6233 6573



David Bartlett, MP

Premier

Thursday, 10 December 2009

Liberal Plan Fails To Deliver On Land Tax

The Liberal Party's land tax reform agenda was ill-conceived, grossly under-costed and would ultimately deliver a saving of only \$220 per bill, Premier David Bartlett said today.

"Will Hodgman has some serious questions to answer," Mr Bartlett said.

"Did he knowingly mislead Tasmanians or was he blissfully unaware of the limited impact of his flawed policy in the first place?"

"His concept started life as a policy for the full abolition of land tax.

"Then, under pressure to explain how he would replace \$90 million a year used to fund public services, Mr Hodgman watered it down by announcing he would simply lift the minimum land value for paying land tax from \$25,000 up to \$65,000.

"Mr Hodgman claimed the minimum threshold change would cost only \$2.5 million per year.

"He and treasury spokesman Peter Gutwein need to explain how they managed to get it so wrong because the actual cost is over \$10 million a year.

"The Liberals were out by more than 300 per cent!

"At this rate, it would take the Liberals 130 years to achieve abolition!

"Making matters worse, the Liberals' position would only save \$220 a year on any land tax bill, regardless of the actual size of the bill.

"For example, a bill could rise from \$2000 to \$11,000 in a single year due to revaluation and the Liberal solution would be to provide \$220 in relief.

"That will come as small comfort to those liable to pay and it certainly won't do anything to foster new jobs and investment.

“The question that needs to be asked is how could the Liberals have got it so wrong?

“Was it a dangerous blend of incompetence and ignorance?

“Or was it a deliberate attempt to con Tasmanians?

“Either way, the consequences for Mr Hodgman cannot be ignored.

“We are only months from a state election and based on this, Tasmanians are entitled to question whether the Liberals are up to the task of running Tasmania’s finances.

“It certainly makes a mockery of their recent attempts to dent Labor’s strong record of financial management.”

Tasmanian Government Communications Unit

Further information:

Phone: (03) 6233 6573