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## **NEW LAND TAX POLICY EXPOSES LANDOWNERS**

The Victorian State Revenue Office has issued a new ruling which will dramatically increase Victorian landowners' exposure for unpaid land tax where the Commissioner has previously failed to recognise their liability and failed to raise an assessment.

Under the new ruling, which took effect from 1 January 2009, the Commissioner can retrospectively assess a landowner for up to five years' worth of back taxes even though the landowner may have never previously received an assessment and had no way of knowing that they had a land tax liability.

"The new policy is contrary to sound taxation principles of equity and certainty, and wrongly puts land tax on an equal footing with the so-called self-assessed taxes such as payroll tax and stamp duties" said Gary Matthews, Senior Manager, Tax Consulting at Pitcher Partners. "To introduce a policy to retrospectively assess land tax is unreasonable given that the onus is fairly and squarely on the Commissioner to make an assessment and issue it to a landowner in a timely fashion," he added.

"Those who will be affected include the Mum and Dad investors who own one or two investment properties and may have no idea what land tax is or why it is assessed. Five years down the track they could receive a large assessment for back taxes with no way of recovering them through increased charges," Mr Matthews said.

Prior to the ruling being issued, the Commissioner would generally not assess a landowner retrospectively if they had never previously received a land tax assessment.

"The former policy quite rightly recognised that it was unreasonable to assess landowners for past years' land tax where they had never received an assessment unless they had in some way misled the Commissioner or withheld information. Why now are landowners accountable to the Commissioner for the failings or misgivings of the State Revenue Office's data collection and assessment practices?" Mr Matthews said.

"We are not talking about landowners who have acted dishonestly or deceitfully. This policy will affect ordinary people. The Commissioner should withdraw the ruling immediately and revert back to the previous policy."

Land tax assessments are generated by the State Revenue Office based on information collected from various sources including Notices of Acquisition which are completed upon land transfers and Council Rates Notices. Under the present legislation, there is no specific requirement on the part of landowners to provide information to the State Revenue Office directly or to query why they haven't received an assessment.

"If the State Revenue Office fails to realise that a landowner is liable for land tax, no assessment is issued and in effect, a landowner who has never been assessed has no way of knowing whether or not an assessment should have been issued," Mr Matthews concluded.

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*Pitcher Partners, including Johnston Rorke, is an association of independent firms. An independent member of Baker Tilly International.*

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