

# Land tax relief for Victorian landowners

COVID-19 measures by the Victorian State Government

The Victorian Government is providing \$420m in land tax relief to landowners who provide rent relief to tenants impacted by COVID-19.

This is in addition to the general relief already available for eligible landowners to defer payment of land tax for the 2020 land tax year.

## What land tax relief is available?

<b>Discount and deferral</b>	For properties that are leased or currently available for lease, a 25% discount of the land tax for the 2020 land tax year (exclusive of any absentee owner surcharge) and a deferral of the remaining land tax until 31 March 2021 is available to eligible landowners.
<b>General deferral</b>	For landowners who have at least one non-residential property and Victorian landholdings with a total taxable value below \$1m, a deferral of 2020 land tax until after 1 January 2021 is available, with full payment required by 31 March 2021. Eligible landowners who have already paid their 2020 land tax can request a temporary refund of the tax paid to date.

Other landowners who do not meet the above requirements may still be able to obtain separate relief from the State Revenue Office (SRO), including a payment deferral for unpaid 2020 land tax.

## Are you eligible for land tax relief?

### Discount and deferral relief – Tenanted properties

Residential	Commercial
<p>If you own a residential property that is currently tenanted, you are eligible for land tax relief in respect of that property if:</p> <ul style="list-style-type: none"> <li>a) the property has been rented since before 29 March 2020 under an eligible agreement for the purposes of the residential tenancies dispute resolution scheme;</li> <li>b) at least one of the tenant's ability to pay their normal rent is affected because of COVID-19; and</li> <li>c) you have provided rent relief to the affected tenant between 29 March and 29 September 2020 of an amount equivalent to at least 25% of the proportional land tax payable on the property, exclusive of the absentee owner surcharge component (AOS), if any. This rent relief must be in the form of a reduction of rent rather than a deferral of rent. The only exception to this is</li> </ul>	<p>If you own a commercial property that is currently tenanted, you are eligible for land tax relief in respect of that property if:</p> <ul style="list-style-type: none"> <li>a) the property has been rented since before 29 March 2020 under an eligible lease for the purposes of the commercial tenancy relief scheme;</li> <li>b) the tenant's ability to pay their normal rent is affected because of COVID-19;</li> <li>c) the tenant has made a declaration on the prescribed SRO form: <ul style="list-style-type: none"> <li>- commercial tenants operating a licensed pub, club or restaurant under a general, full or on-premises liquor license must declare that their turnover at the property was no greater than \$50m in the 2018/19 financial year or their expected turnover in the 2019/20 financial year is no greater than \$50m and the turnover has reduced by at least 30% since March 2020;</li> </ul> </li> </ul>

Residential	Commercial
where the rent relief provided is the outcome of an approved mediation process.	<ul style="list-style-type: none"> <li>- all other commercial tenants must declare that they are eligible for and participating in the JobKeeper Payment scheme and have an annual aggregated turnover of no greater than \$50m; and</li> <li>d) you have provided rent relief to the affected tenant between 29 March and 29 September 2020 of an amount equivalent to at least 25% of the proportional land tax payable on the property, exclusive of the AOS, if any. This rent relief must be in the form of a reduction of rent rather than a deferral of rent. The only exceptions are where land tax is an outgoing which is the contractual responsibility of the tenant, or the rent relief provided is the outcome of an approved mediation process.</li> </ul>

### Discount and deferral relief – Untenanted properties

If you own a vacant property, you are eligible for land tax relief in respect of that property if you can demonstrate that the property was tenanted in March 2020 under an eligible agreement or eligible lease for the purposes of the residential tenancies dispute resolution scheme or commercial tenancy relief scheme respectively (or was the subject of an executed eligible agreement/eligible lease agreement in March 2020 that was not fulfilled by the tenant) and the property is subsequently vacant for a continuous period of 3 months because of COVID-19.

### General deferral relief

You are eligible for a deferral of your 2020 land tax until after 1 January 2021 if you have at least one taxable non-residential property and the total taxable value of your landholdings is below \$1m.

Non-residential property includes commercial property, industrial property and vacant land (excluding residential vacant land).

If you are eligible, you can defer your entire 2020 land tax assessment, even if it includes residential property.

The full amount of the deferred land tax must be paid by 31 March 2021.

### Other relief

Other landowners who have not already paid their 2020 land tax and do not meet the above requirements may be able to obtain a payment deferral upon application to the SRO, if their ability to make land tax payments has been impacted by COVID-19.

## How can you access the land tax relief?

<b>Discount and deferral relief</b>	You can apply for this relief through the SRO's My Land Tax portal. You will need a My Land Tax account for the application. Applications opened on <b>1 May 2020</b> .
<b>General deferral relief</b>	Landowners who are eligible for this relief should be contacted directly by the SRO. If you believe you are eligible and have yet not been contacted by the SRO, please get in touch with your regular Pitcher Partners' contact or one of the land tax experts listed below.

Landowners who are not eligible for either of the above relief measures, but whose cashflow position has been impacted by COVID-19 or who have been directly affected by the recent bushfires, should also get in touch to discuss their options.

Please refer to the next page for the information you will need to register and apply for land tax relief.

## What information do you need to register and apply for land tax relief?

Relief	Property	Documents/information required
Discount and deferral relief	Tenanted properties – commercial or residential	<ul style="list-style-type: none"> <li>• A copy of your 2020 land tax assessment.</li> <li>• A copy of the latest council rates notice for the property or record of an amount paid towards a previous land tax assessment.</li> <li>• The amount of the rent reduction and applicable time period.</li> <li>• A copy of the lease agreement or written evidence of the arrangement existing between you and your tenant prior to the COVID-19 pandemic.</li> <li>• A brief description of the main business activity carried on by the affected tenant (if not evident from the lease document(s) provided).</li> <li>• Whether and how much land tax is passed on to tenant under the lease (if not evident from the lease document(s) provided).</li> <li>• Written evidence of the rent reduction or rent waiver that has occurred due to the impact of the COVID-19 pandemic and the following information (if not evident from the document(s) provided): <ul style="list-style-type: none"> <li>○ rental amount immediately before the rent reduction;</li> <li>○ reduced rental amount; and</li> <li>○ the period for which the reduction has been given (including the start date).</li> </ul> </li> <li>• If the reduced rental amount is the result of mediation — a copy of the mediation agreement.</li> <li>• For commercial properties, the affected tenant has to complete an online form declaring that the relevant requirements (such as the turnover threshold) are met.</li> <li>• Any other evidence that can support your claim.</li> </ul>
	Untenanted properties – commercial or residential	<ul style="list-style-type: none"> <li>• A copy of your 2020 land tax assessment.</li> <li>• A copy of the latest council rates notice for the property or record of an amount paid towards a previous land tax assessment.</li> <li>• The date when the property became available for rent.</li> <li>• Description of how the COVID-19 pandemic has impacted your ability to secure a tenant.</li> <li>• The advertised rental amount and date of advertisement (if applicable).</li> <li>• Copy of the property advertisement, for example via screenshot from online media or PDF (if applicable).</li> <li>• Exclusive managing and leasing authority agreement with the real estate agent or property manager (if applicable).</li> <li>• Any other evidence that can support your claim.</li> </ul>
General deferral relief and other relief options	All	<ul style="list-style-type: none"> <li>• A copy of your 2020 land tax assessment.</li> <li>• A copy of the latest council rates notice for the property or record of an amount paid towards a previous land tax assessment.</li> <li>• Description of how the COVID-19 pandemic has impacted your ability to pay your 2020 land tax assessment and, if applicable, a description of how the bushfires have affected your property.</li> <li>• Any other evidence that can support your claim.</li> </ul>

## How can we help?

Pitcher Partners is assisting many landowners to seek land tax relief. There are several ways in which we can help, as set out below.

If you are a <b>landowner</b>	If you think that you are <b>eligible for general deferral relief</b> but have not yet been contacted by the SRO
<p>We can work with you to determine which of your properties may be eligible for land tax relief and what information is required to access the relief.</p> <p>We can also register on your behalf or assist you with registration on the SRO's <i>My Land Tax</i> portal, as well as prepare and lodge your application for land tax relief.</p>	<p>We can determine whether you are eligible and can contact the SRO on your behalf to seek access to this relief measure.</p>

If you are not eligible for the discount and deferral relief or the general deferral relief, we can assist with considering other relief options.

Further, if you require assistance with conducting an assessment of the rental relief application made by your tenants (including reviewing the tenants' circumstances and confirming whether they meet the relevant aggregated turnover and JobKeeper requirements), our Business Advisory & Assurance team can assist.

## Other assistance

For assistance in relation to the applicable leasing legislation and associated regulations, including legal advice and the documentation of relevant agreements, we can connect you with experienced legal experts.

## Contact us



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## Disclaimer

This fact sheet was last updated on 19 June 2020 based on information available at the time of preparation and is subject to any changes in the law and further announcements, details and conditions provided by the Treasurer of Victoria and the SRO. The information provided in this document is of a general nature, has been prepared without taking into account your specific circumstances and is not intended to represent an exhaustive list of all issues that should be considered. It is not intended to constitute advice. We recommend seeking further guidance from your regular Pitcher Partners' contact or one of the contacts listed above if you are unsure about any aspect of your eligibility and other requirements to seek the tax relief.