

# 2021 land tax relief for Victorian landowners

The Victorian Government has announced land tax relief measures for landlords and commercial owner-occupiers for the 2021 land tax year. These relief measures are in addition to various land tax relief measures announced in relation to the 2020 land tax year.

## What land tax relief is available?

Broadly, the following land tax relief measures are available.



### 25% discount and deferral

For landlords of properties that have been leased since before 31 December 2020:

- 25% discount of the land tax for the 2021 land tax year (exclusive of any absentee owner surcharge (AOS)), and
- Deferral of the 2021 land tax (and any 2020 land tax previously deferred under the 2020 relief measures) until 30 November 2021.

Landlords of properties with multiple tenancies may be eligible for a discount of *up to* 25% of the property's total land tax plus a deferral.

Owner-occupiers of commercial properties that run a business from the property may also be eligible for the discount and deferral.

The closing date for 2021 land tax relief applications is 30 June 2021.



### VRLT waiver

The Vacant Residential Land Tax (VRLT) will be waived in full for the 2021 tax year.

## Are you eligible for land tax relief?

To access land tax relief, you need to meet the relevant eligibility criteria. There are different eligibility criteria for the different land tax relief measures. We have summarised the eligibility criteria for each land tax relief measure for you.



## 25% discount and deferral

If you are a landlord or commercial property owner-occupier, you may be eligible for a 25% discount of the 2021 land tax liability.

### RESIDENTIAL PROPERTIES *Tenanted*

If you own a residential property that was tenanted since before 31 December 2020, you are eligible for the 25% discount and the deferral relief if:

- a) the property has been rented under an eligible agreement for the purposes of the residential tenancies dispute resolution scheme;
- b) at least one tenant's ability to pay their normal rent is affected because of COVID-19; and
- c) you have provided rent relief to the affected tenant between 1 January and 28 March 2021 of an amount equivalent to at least 25% of the proportional land tax payable on the property (exclusive of any AOS).

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 where the rent relief provided is the outcome of an approved mediation process.

### COMMERCIAL PROPERTIES *Tenanted*

If you own a property that is currently tenanted under a commercial lease to a tenant conducting a business, you are eligible for the 25% discount and the deferral relief if you meet all of the following requirements:

- a) the property has been rented since before 31 December 2020 under an eligible lease for the purposes of the [Commercial Tenancy Relief Scheme](#) or the [Night-time Economy Business Support Initiative](#);
- b) the tenant's ability to pay their normal rent has been affected because of COVID-19;
- c) you have provided rent relief to the affected tenant between 1 January and 28 March 2021 of an amount equivalent to at least 25% of the proportional land tax payable on the property (exclusive of any AOS). The rent relief must comply with the requirements of the Commercial Tenancy Relief Scheme and the principles of the Support to Landlords and Tenants package announced on 15 April 2020. 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; and
- d) the tenant has made a declaration on the [prescribed SRO form](#) as to either of the following:
  - for tenants operating a licensed pub, club or restaurant under a general, full or on-premises liquor license, that their turnover at the property was no greater than \$50m in the 2019-20 or 2020-21 financial year and turnover at that premises in the December 2020 quarter reduced by at least 30% relative to the March 2020 quarter.
  - for all other commercial tenants, their annual aggregated turnover was no greater than \$50m in the 2019-20 or 2020-21 financial year and they are eligible for, and are participating in the [JobKeeper Payment scheme](#) in the March 2021 quarter.

### Multiple tenancies

If you own a commercial property that has **multiple tenancies**, you are eligible for a discount of **up to 25%** of the 2021 land tax on the whole property plus the deferral relief if:

- e) you have provided rent relief to at least one tenant between 1 January and 28 March 2021; and
- f) the other requirements listed in points a) to d) above have been satisfied.

The amount of the land tax discount provided will be the lesser of the total amount of rent relief provided to eligible tenants at the property and 25% of the 2021 proportional land tax (exclusive of AOS, if any) payable on the property. Where land tax is an outgoing which is the contractual responsibility of the tenant, any land tax discount passed on to the tenant can count towards the total amount of rent relief.

## COMMERCIAL PROPERTIES *Owner-occupied*

If you are an owner-occupier of a commercial property, you may be eligible for the 25% discount and the deferral relief if:

- a) you own the property and conduct an active business at the property under an ABN, which you also own either directly or through a company or trust you control;
- b) the business has been affected by COVID-19; and
- c) the following conditions are satisfied:
  - for a licensed pub, club or restaurant under a general, full or on-premises liquor license, the turnover at the premises was no greater than \$50m in the 2019-20 or 2020-21 financial year and turnover at that premises in the December 2020 quarter reduced by at least 30% relative to the March 2020 quarter.
  - for other businesses, the annual aggregated turnover was no greater than \$50m in the 2019-20 or 2020-21 financial year and the business is eligible for, and is participating in the [JobKeeper Payment scheme](#).



### General payment deferral

Other landowners who do not meet the above requirements may be able to obtain payment deferrals or interest-free instalment plans upon application to the SRO, if their ability to make land tax payments has been impacted by COVID-19.



### VRLT Waiver

Owners of residential land in Melbourne's inner and middle suburbs that were vacant for more than six months in 2020 will have the 2021 VRLT on the property waived in full. Landowners are required to notify the SRO of their vacant properties via the SRO's online portal. VRLT assessments will not be issued for 2021

## How can you access the land tax relief?

### 25% discount and deferral



Residential landlords of properties with a single tenancy can apply for this relief through the SRO's My Land Tax portal. You will need a My Land Tax account for the application.

Landlords of properties with multiple tenancies can apply for the land tax relief via the SRO's Coronavirus land tax relief - Multiple tenancy properties SmartForm.

Applications are currently only open for residential landlords and landlords of properties with multiple tenancies (residential and/or commercial).

### General payment deferral



Landowners who are not eligible for the land tax discount but whose cashflow position has been impacted by COVID-19 should also get in touch to discuss their options.

### VRLT waiver



Landowners who have residential properties in Melbourne's inner and middle suburbs that were vacant for more than six months in 2020 should notify the SRO via the online portal.

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



25% discount and deferral

### RESIDENTIAL AND COMMERCIAL PROPERTIES *Tenanted*

A copy of the 2021 land tax assessment.

A copy of the latest council rates notice for a property or record of an amount paid towards a previous land tax assessment.

The amount of the rent reduction and applicable time period.

A copy of the lease agreement or written evidence of the arrangement existing between you and your tenant prior to the COVID-19 pandemic.

A brief description of the main business activity carried on by the affected tenant (if not evident from the lease document(s) provided).

Whether and how much land tax is passed on to tenant under the lease (if not evident from the lease document(s) provided).

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):

- rental amount immediately before the rent reduction;
- reduced rental amount; and
- the period for which the reduction has been given (including the start date).

If the reduced rental amount is the result of mediation — a copy of the mediation agreement.

For commercial properties, the affected tenant has to complete an online form declaring that the relevant requirements (such as the turnover threshold) are met and you have to declare that the rent relief provided to the tenant complies with the requirements of the Victorian Commercial Tenancy Relief Scheme.

Bank account details for any applicable refund of land tax.

Any other evidence that can support your claim.

### COMMERCIAL PROPERTIES *Owner-occupied*

A copy of your 2021 land tax assessment.

A copy of the latest council rates notice for the property or record of an amount paid towards a previous land tax assessment.

A copy of a monthly JobKeeper Declaration with the ATO or a copy of a liquor license if the business is operating a licensed pub, club or restaurant under a general, full or on-premises liquor license.

Bank account details for any applicable refund of land tax.

Any other evidence that can support your claim.

## How can we help?

Pitcher Partners has been assisting many landowners to seek land tax relief since the measures were announced by the Victorian Government. There are several ways in which we can help, as set out below.

Assist with applying for the land tax relief	Assist with negotiating payment deferral and instalment arrangements
<p>We can work with you to determine what you need to do to access land tax relief, which of your properties may be eligible for 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 <i>SRO's My Land Tax</i> portal, as well as prepare and lodge your application for land tax relief.</p>	<p>We can contact the SRO on your behalf to discuss payment deferrals and instalment arrangements.</p>

If you require assistance with assessing a 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

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