



Windfall Gains Tax

Craig Whatman | Partner

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Pitcher Partners Advisors Pty Ltd

ABN 80 052 920 206



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Windfall Gains Tax



Tax of up to **50%** when there is a value uplift of more than \$100,000 due to a rezoning of the land (other than an excluded rezoning)

To commence from **1 July 2023**

What land will be subject to WGT?

Any land in Victoria that is rezoned, other than under an excluded rezoning

Excluded rezonings



Rezoning
between
schedules in the
same zone



Rezoning to
the GAIC
contribution area



First rezoning
after 1 July 2023
of land that was
in the GAIC
contribution area



Rezoning to
public land zone
or between
different public
land zones



Other rezoning
declared by
the Treasurer

Who is liable for WGT?

The **owner** of the land at the time the rezoning takes effect



Multiple owners

Joint and several liability



Land held on trust

Trustee



Land held by related corporations and trusts

Broad grouping rules

Joint and several liability

How is WGT calculated?



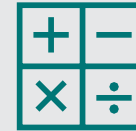
**Aggregated
value uplift**

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**Allowable
deductions**

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**Relevant
WGT rate**

Calculate aggregated
value uplift

The difference between
the CIV immediately before
and after rezoning of all
property of the landowner or
group that is rezoned by the
same event

Deduct allowable
deductions

To be set out in
the Regulations

Multiply by the
relevant WGT rate

How is the taxable value uplift determined?



Pre-rezoning CIV taken from general rating valuation immediately before rezoning event

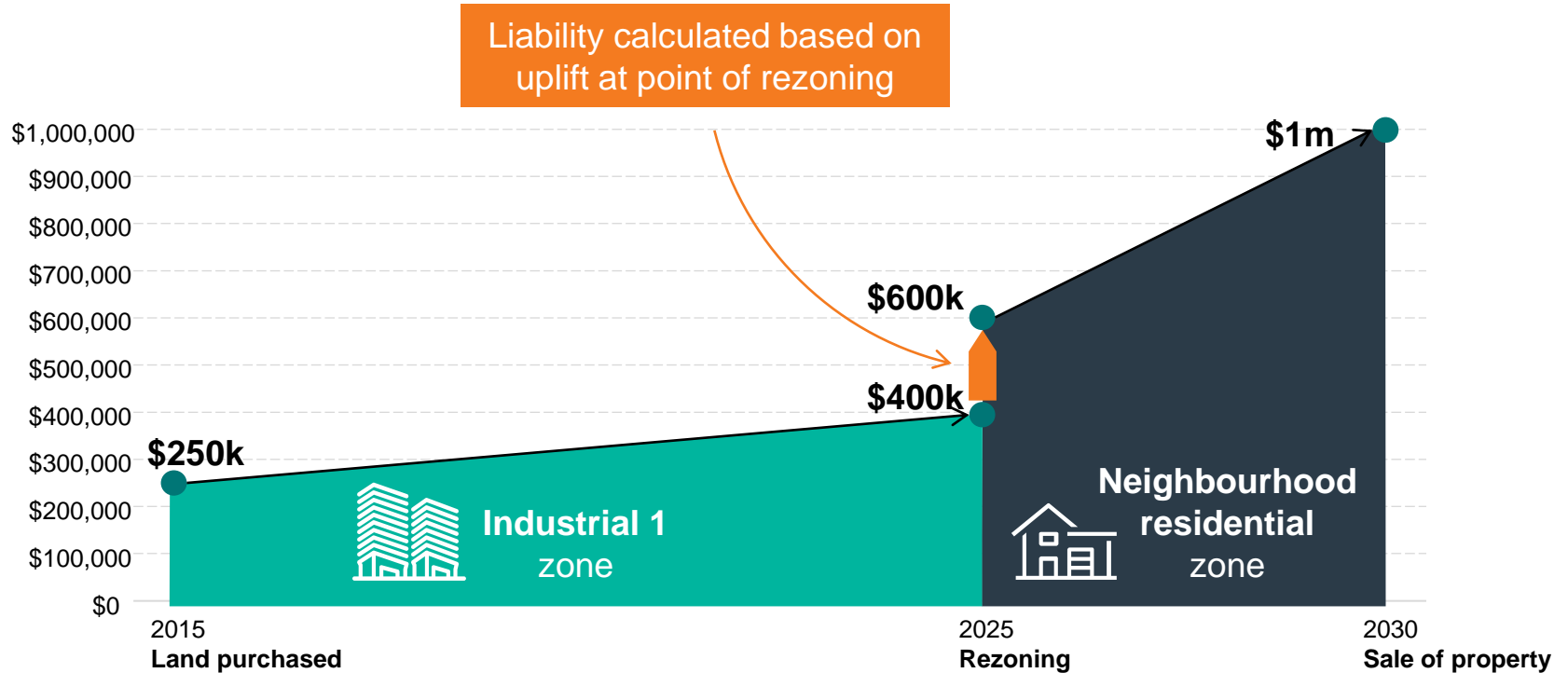


Post-rezoning CIV determined under supplementary valuation



Post-rezoning CIV determined as at the same date as the pre-zoning CIV was determined

Working out the uplift



Source: Factsheet – Windfall gains tax for high-value landholdings, Department of Treasury and Finance Victoria (October 2021)

WGT Rate

Taxable value uplift	Tax payable
\$0 to \$100,000	Nil
\$100,001 to \$499,999	62.5% of uplift above \$100,000
\$500,000 or more	50% of total uplift

When will WGT be payable?

Liability **triggered** at the time of rezoning

Landowner issued notice of assessment by Commissioner of State Revenue



**Pay by due date
on notice**

Generally within 30 days
of issue of assessment



**Elect by due date on notice to defer
payment in full or in part**

No other allowance for extension of time
for payment or payment instalments

How does the deferral work?

Payment of WGT deferred until one of the following (whichever occurs first)



Dutiable transaction
other than an **excluded**
dutiable transaction



Relevant acquisition
other than an **excluded**
relevant acquisition



30 years

Interest at 10-year Treasury Corporation of Victoria bond rate



What happens once deferral ceases?

Payment of WGT and accrued interest must be paid to the Commissioner of State Revenue within 30 days of cessation event

Excluded dutiable transactions and excluded relevant acquisitions do not cease the deferral period



Excluded dutiable transactions



Acquisition of an economic entitlement in relation to the land



Transfer to deceased's legal personal representative



Dutiable transaction which occurs for **no consideration**

Transferee must elect to assume liability for deferred WGT and interest



Certain transfers of land by a charity to another charity

Transferee must elect to assume liability for deferred WGT and interest

Excluded relevant acquisitions



Acquisitions solely due to a pro rata increase in interests of all unitholders or shareholders



Relevant acquisition of a further interest

What about acquisitions for no consideration?

E.g. deceased estate transfer of shares, in-specie transfer of units

Rights of objection

Taxpayers have the right to object to



The value of the land on which
the WGT has been assessed



**The imposition of WGT or
the amount of the liability**

E.g. on the basis that an exemption applies

**Must lodge valuation objection within two months
of receiving notice of assessment**

Commissioner does not have discretion to allow late valuation objections

Transitional exemptions

Prior to 15 May 2021 – rezonings in train



Rezonings underway prior to 15 May 2021

Landowner approached Council or Planning Minister to request rezoning

Council created and registered an amendment request in Amendment Tracking System or Planning Minister agreed to prepare the amendment

Landowner performed relevant work or paid for relevant costs in relation to rezoning with a total minimum value of 1% of the pre-zoning CIV or \$100,000 (whichever is less)

Planning scheme amendment prepared by Council or by or at the request of Planning Minister

Transitional exemptions

Prior to 15 May 2021 – contracts of sale



Pre-existing contract of sale

Contract entered into before 15 May 2021

Transfer of land not completed before relevant rezoning

Transitional exemptions

Prior to 15 May 2021 – options



Land subject to an option to enter into a contract of sale

Option entered into before 15 May 2021

Terms of contract settled at the time option was granted

Option not exercised or transfer of land not completed before rezoning event

Other exemptions and waivers



Residential land exemption

Exemption on up to 2 hectares of residential or primary production land

Land includes residence fit for occupancy or other requirements met



Rezoning errors



Charitable land

Must be used and occupied by charity exclusively for charitable purposes for 15 years

Issues of concern



Limited deferral and staging benefits

Limited to landowner at the time of rezoning

Economic realisation (e.g. proceeds from sale) not always aligned with WGT payment



Confusion regarding non-GAIC land in UGZ when PSP schedule applies

Rezoning?
Excluded as a rezoning “between schedules”?
Application of a schedule?



Uncertainty regarding effect of nominations under CoS/options

Transitional relief – CoS/options pre-15 May 2021
Continuation of deferral on basis of no “dutiable transaction”?



Lack of information on many practical aspects

Valuation?
Assessment?
Deferral?
Payment and PEXA process?
SRO resourcing and processes?

Watch-outs
*for landowners,
purchasers and
developers*



Impact on contracts of sale, options and development agreements



Who bears the cost and how is it calculated?



Potential two-tier market between GAIC land and WGT land



Metropolitan Melbourne rezonings initiated by State and Local government



Potential implications for other States and Territories

Panel discussion

Moderated by Craig Whatman



Irina Tan

Partner



Brad Paddon

Director
APD Projects



Luana Kenny

Managing Director
m3property



Q&A



Contact US



Craig Whatman
Partner

+61 3 8610 5617
craig.whatman@pitcher.com.au



Irina Tan
Partner

+61 3 8612 9318
irina.tan@pitcher.com.au

Making business *personal*

  pitcher.com.au