

LAND TAX RELIEF FOR VICTORIAN LANDOWNERS

COVID-19 measures by the Victorian State Government

The Victorian Government has announced enhanced land tax relief measures, including a 50% total land tax discount for landlords and an extension of the relief measures to now include owner-occupiers.

What land tax relief is available?

Broadly, there are four potential land tax relief measures available.

General deferral



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 up to 31 March 2021 is available.

Eligible landowners who have already paid their 2020 land tax can request a temporary refund of the tax paid to date.

25% discount and deferral



For landlords of 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) plus a deferral of the remaining land tax until 31 March 2021 may be available.

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

Further 25% discount and deferral



For landlords of properties who are eligible for the above 25% Discount and Deferral and who provide tenants with an outright waiver of at least 50% of rent payable for at least 3 months between 29 March and 31 December 2020, a further 25% discount of the land tax for the 2020 land tax year (exclusive of any absentee owner surcharge) plus a deferral of the remaining land tax until 31 March 2021 may be available.

Other relief



Landowners who are not eligible for any of the above relief measures but whose ability to make land tax payments has been impacted by COVID-19 may still be able to access land tax payment relief, including payment deferrals or interest-free instalment plans for 2020 land tax upon application to the SRO.

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.



General deferral

You are eligible for a deferral of your 2020 land tax up to 31 March 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.



25% discount and deferral

If you are a landowner, you may be eligible for a 25% reduction on 2020 land tax.

RESIDENTIAL PROPERTIES *Tenanted*

If you own a residential property that is currently tenanted, you are eligible for the 25% Discount and Deferral relief in respect of that property if:

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

COMMERCIAL PROPERTIES *Tenanted*

If you own a commercial property that is currently tenanted (including retail, office and industrial property), you are eligible for the 25% Discount and Deferral relief in respect of that property if:

- a)** the property has been rented since before 29 March 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 is affected because of COVID-19;
- 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 AOS, if any). 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.
- 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 2018/19 or 2019/20 financial year and turnover at the premises has reduced by at least 30% since March 2020.

for all other commercial tenants, that their annual aggregated turnover was no greater than \$50m in the 2018/19 or 2019/20 financial year and they are eligible for, and are participating in the [JobKeeper Payment scheme](#).

COMMERCIAL PROPERTIES *Owner-occupied*

If you are an owner-occupier of commercial property, you may be eligible for the 25% Discount and Deferral relief in respect of that property if:

- a)** you own the property and conduct an active business at the property, 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 2018/19 or 2019/20 financial year and turnover at the premises has reduced by at least 30% since March 2020.

for other businesses, the annual aggregated turnover was no greater than \$50m in the 2018/19 or 2019/20 financial year and the business is eligible for, and is participating in the [JobKeeper Payment scheme](#).

RESIDENTIAL AND COMMERCIAL PROPERTIES *Untenanted*

If you own a vacant property, you are eligible for the 25% Discount and Deferral relief in respect of that property if:

- a) you can demonstrate that the property was tenanted in March 2020 under:
 - in the case of commercial property – an eligible lease for the purposes of the [Commercial Tenancy Relief scheme](#) or the [Night-time Economy Business Support Initiative](#) (or was the subject of an executed eligible lease agreement in March 2020 that was not fulfilled by the tenant);
 - in the case of residential property – an eligible agreement for the purposes of the residential tenancies dispute resolution scheme, or was the subject of an executed eligible 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.



Further 25% discount and deferral

If you own a residential or commercial property that is currently tenanted, you are eligible for the Further 25% Discount and Deferral relief (i.e. total 50% reduction on 2020 land tax) if:

- a) the property is eligible for the 25% Discount and Deferral relief; and
- b) you have provided rent relief to the affected tenant in the form of an outright waiver of at least 50% of the rent payable for at least 3 months at any time between 29 March 2020 and 31 December 2020. The months do not have to be consecutive.



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 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.

How can you access the land tax relief?

General deferral



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 us.

25% discount and deferral and Further 25% discount and deferral



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.

Other relief



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 bushfires earlier this year, should also get in touch to discuss their options.

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



General deferral and Other relief



RESIDENTIAL AND COMMERCIAL PROPERTIES *All*

A copy of your 2020 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.

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.

Any other evidence that can support your claim.



25% discount and deferral and Further 25% discount and deferral



RESIDENTIAL AND COMMERCIAL PROPERTIES *Tenanted*

A copy of your 2020 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.

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 2020 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.

RESIDENTIAL AND COMMERCIAL PROPERTIES *Untenanted*

A copy of your 2020 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.

The date when the property became available for rent.

Description of how the COVID-19 pandemic has impacted your ability to secure a tenant.

The advertised rental amount, date of advertisement and copy of the property advertisement (e.g., screenshot from online media).

Exclusive managing and leasing authority agreement with the real estate agent or property manager (if applicable).

Bank account details for any applicable refund of land tax.

Any other evidence that can support your claim.

Sourced - Pitcher Partners Fact Sheet released on 21 August 2020.