

Land Tax Joint Ownership

(Why you are not paying twice)

What is land tax?

Land tax is an annual tax based on the total taxable value of all land owned in Victoria by a taxpayer as at midnight on 31 December of the year preceding the year of assessment. Land tax is assessed on a calendar year basis and the State Revenue Office (SRO) issues assessments annually.

For each year you own land in Victoria with a total taxable value equal to or above the land tax threshold of \$250,000 you must pay land tax. The total taxable value does not include exempt land such as your home, that is your principal place of residence (PPR).

What is a joint ownership?

If you own land with others, you are considered a joint owner of that land.

You may own different land with different people. Each unique combination of owners is considered a different joint ownership for land tax purposes.

How are land tax assessments for joint owners of land served?

Joint owners will be served with a land tax assessment in one of the following ways:

- an assessment will be issued to one joint owner, or
- where a written request has been made by all the joint owners, an assessment will be issued to the joint owner nominated as the person to receive the assessment.

Irrespective of which option is used, all parties to the joint ownership are jointly liable for the land tax assessed.

How will I be assessed for land tax if I am a joint owner of land?

Joint owners of land are assessed in three stages. Refer overleaf for a practical example of the application of the three stages.

1. Primary assessment (joint ownership)

Each joint ownership is assessed for land tax for all jointly owned land as if they were a single owner.

2. Secondary assessment (individual ownership)

Each member of a joint ownership is then assessed separately if they have an interest in any additional land not included in the primary assessment. This secondary assessment ensures that all of a person's interest in land, including any land that is owned by the individual in his or her own right, as well as jointly is taken into account for land tax purposes.

3. Deduction to prevent double taxation

A deduction is applied in the individual's assessment (secondary assessment) to avoid double taxation of the joint owner's share in the jointly owned land. The deduction is the lesser of either the individual owner's share of the tax paid in the primary assessment or the amount of tax calculated in the secondary assessment for the share of the jointly owned land.

Land tax tutorial videos

The SRO has a range of online videos which cover a selection of topics to help you understand land tax and your assessment notice.

Visit our website, or use the QR code scanner on your smart phone or tablet device to view our land tax tutorial videos.



www.sro.vic.gov.au/ltxvideos

Calculating a joint land tax liability

The example below uses the 2015 assessment year and land tax rate.

At midnight on 31 December 2014, Mr Jones and Ms Smith jointly own Property A (50 per cent each), which has a taxable value of \$280,000.

Ms Smith owns Property B in her own right (100 per cent). The taxable value of Property B is \$200,000.

Calculating the land tax for the joint owners (primary assessment)

The taxable value of the jointly owned land (Property A) is \$280,000.

The general land tax rate for land holdings valued between \$250,000 and less than \$600,000 is \$275 plus 0.2 per cent of the amount greater than \$250,000.

$$\text{Tax} = \$335 \text{ being} \\ \$275 + ((\$280,000 - \$250,000) \times 0.2\%)$$

Calculating the land tax for all of Ms Smith's land holdings (secondary assessment)

Property B (100%) is \$200,000; Property A (50%) is \$140,000 Total taxable value \$340,000

$$\text{Tax} = \$455 \text{ being} \\ \$275 + ((\$340,000 - \$250,000) \times 0.2\%)$$

Applying the deduction to prevent double taxation to Ms Smith's secondary assessment

1.	$\frac{\text{Taxpayer's share of Property A}}{\text{Total of Property A}}$	X	Tax on jointly owned land
	$\frac{\$140,000}{\$280,000}$	X	\$335 = \$167.50
2.	$\frac{\text{Taxpayer's share of Property A}}{\text{Total of Property B and share of Property A}}$	X	Tax on taxpayer's total land holdings
	$\frac{\$140,000}{\$340,000}$	X	\$455 = \$187.35

As the lesser of the two calculations is **\$167.50**, the land tax payable by Ms Smith in the secondary assessment is **\$287.50** (being \$455 - \$167.50).

In this case as Mr Jones does not own any other land, he would not receive an individual assessment and there would be no need to perform any further calculations.

However, if Mr Jones owned any other land(s) and the value of the land(s) together with the jointly owned property exceeded \$250,000, he would be issued with an individual assessment and a similar calculation would be applied to prevent double taxation.

Further information

For further information on land tax, visit our website at www.sro.vic.gov.au



Contact the Translating and Interpreting Services (TIS) on 13 14 50 for help with your call

Arabic

اتصل على الرقم 131 450 عندما تكون بحاجة إلى مترجم فوري

Chinese

当您需耍口译员时，请致电131 450

Greek

Όταν χρειάζεστε διερμηνέα καλέστε 131 450

Italian

Quando hai bisogno di un interprete chiama il numero 131 450

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This publication is intended to provide an overview of the assessment of joint owners for land tax purposes. For further information about land tax and joint ownership please visit www.sro.vic.gov.au