

2020 land tax relief for Victorian landowners

Between April and September 2020, the Victorian Government announced various land tax relief measures for landlords and owner-occupiers of Victorian properties. The State Revenue Office has advised that the closing date for 2020 land tax relief applications is 31 March 2021.

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.

Landlords of properties with multiple tenancies may be eligible for a discount of *up to* 25% plus a deferral.

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 (with the total value of the waiver being equivalent to at least 50% of the property's land tax), 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.

Landlords of properties with multiple tenancies may be eligible for a further discount of *up to a further* 25% plus a deferral.

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.

In addition to the above relief measures for the 2020 land tax year, residential landowners may also be eligible for further relief for the 2021 land 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.



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](#).

Multiple tenancies

If you own a commercial property that has **multiple tenancies**, you are eligible for a discount of **up to 25%** of the 2020 land tax on the whole property plus a deferral of the remaining land tax until 31 March 2021 if:

- e) you have provided rent relief to at least one tenant between 29 March and 29 September 2020; 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 2020 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 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
- b) 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 (with the total value of the waiver being equivalent to at least 50% of the proportional land tax on the property). The months do not have to be consecutive.

Multiple tenancies

If you own a **commercial property** that has **multiple tenancies**, you are eligible for up to a **further 25% discount** of the 2020 land tax on the whole property plus a deferral of the remaining land tax until 31 March 2021 (i.e. up to a total 50% reduction on 2020 land tax) if you have provided rent relief 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 to at least 50% of eligible tenants at the property.

The amount of land tax discount provided will be the lesser of the total amount of rent relief provided to eligible tenants at the property and 50% of the 2020 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 rent waived.



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.

In addition, the following relief of 2021 land tax is available for owners of residential land:

- a) Landlords of residential properties who provide rent relief in 2021 to tenants impacted by COVID-19 may be eligible for a 25% discount of 2021 land tax on a property and deferral of the balance payable until 30 November 2021.
- b) Owners of residential land in Melbourne's inner and middle suburbs that are vacant for more than six months in 2020 will have the 2021 Vacant Residential Land Tax on the property waived.

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 your regular Pitcher Partners' contact or one of the land tax experts listed below

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



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.

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 a recent 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.



RESIDENTIAL AND COMMERCIAL PROPERTIES *Tenanted*

A copy of a recent 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 a recent 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.

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 landowner | If you think that you are eligible for general deferral relief but have not yet been contacted by the SRO |
|---|--|
| <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 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 <i>SRO's 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> |

Further, 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



Craig Whatman
Partner

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



Irina Tan
Client Director

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



Jessica Gahang
Manager

p. +61 3 8612 9569
e. jessica.gahang@pitcher.com.au

Disclaimer

This fact sheet was last updated on 30 September 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.