IPTI Xtracts

Property Tax and Assessment News from Around the World

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Closing land tax 'loophole' could drive property investors away

The Queensland Government has announced it will close a tax "loophole" that sees people who own property in multiple states pay far less than those who only have real estate in Queensland.

Under current land tax rules, if you own $1 million of property based in Queensland, owners pay tax at a rate of 0.45 per cent.

But if you have $1 million in properties split across states, owners only pay the equivalent of 0.05 per cent in tax.

Treasurer Cameron Dick said it was aimed at interstate investors avoiding reaching the land tax threshold.

Queensland Property Council's executive director, Jen Williams, said the organisation has some concerns.

"What we have seen is a move to a new way of taxing landholders in Queensland," she told Scott Emerson.

"So land tax is a state-based property tax there's no other state that taxes property owners based on the properties they own in a different state.

"So Queensland is essentially going to tax investors in Queensland for properties they own in NSW, Victoria, somewhere else in the country.

"So our huge concern is that people are going to sell their Queensland investment property, they are not going to pick Queensland as a place to invest in the future, because there is more tax involved if you choose to do so."

IPART decision sees council rates to grow with the population

The Independent Pricing and Regulatory Tribunal (IPART) have announced this morning that the amount that councils will be able to increase the revenue they can collect from rates will depend on their level of population growth.

Under the 2022-23 rate peg decision, IPART has set a rate peg for each council ranging from 0.7 per cent to 5.0 per cent.

Tribunal Chair Carmel Donnelly said that in setting the rate peg for 2022-23, IPART has used a new methodology that recognises that some councils face higher costs from growing populations.

Financially sustainable council – protected ratepayers

'We have developed a way of incorporating population growth into the rate peg that balances the need to ensure councils are financially sustainable, while protecting ratepayers from excessive rate rises.

'The methodology we have used will ensure councils maintain the average amount of money collected per person as their population grows. This will enable councils to provide services to their growing communities,' said Ms Donnelly.

IPART's rate peg also takes into account the annual change in the Local Government Cost Index (LGCI), which measures the average costs faced by NSW councils.

The rate peg represents the maximum percentage amount by which a council may increase its general income. For almost all councils, general income consists entirely of revenue from rates.

Rate peg applies to councils' general total income

The rate peg applies to each council's general income in total, not to individual ratepayers' rates. Councils may increase categories of rates by more than, or less than the rate peg, as long as the total increase in general income remains within the rate peg.

Individual ratepayers' rates are also impacted by land values set by the Valuer General NSW.

An Information Paper that includes information on IPART's rate peg methodology and the rate peg for each council for 2022-23 is available on IPART's website.

Ms Donnelly said IPART has proposed a benchmark waste peg for 2022-23 to provide a guide to councils. 'IPART has released a Draft Report on these charges which may impact future decisions, and we are currently seeking feedback on our proposed approach.'

IPART's Draft Report on domestic waste charges, and opportunities to have your say are available on IPART's website. Submissions to IPART are due by 25 March 2022.

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