

[Act 1998 No 79]



New South Wales

Premium Property Tax Bill 1998

Explanatory note

This explanatory note relates to this Bill as introduced into Parliament.

This Bill is cognate with the *Appropriation Bill 1998*.

Overview of Bill

The object of this Bill is to provide for the imposition of land tax on certain principal places of residence that have land values of not less than \$1 million but so that the number of properties subject to the tax at any time is not more than 0.2% of the number of occupied private dwellings owned or being purchased in New South Wales.

Outline of provisions

Part 1 Preliminary

Clause 1 sets out the name (also called the short title) of the proposed Act.

Clause 2 provides for the commencement of the proposed Act on a day or days to be appointed by proclamation.

Clause 3 provides that the proposed Act is to be construed with, and as if it formed part of, the *Land Tax Management Act 1956*.

Clause 4 provides that the *Taxation Administration Act 1996* is to apply to the proposed Act.

Clause 5 defines certain words and expressions used in the proposed Act.

Part 2 Land tax on certain principal places of residence

Clause 6 provides for the levy of land tax under the proposed Act on principal places of residence, other than flats, that have a land value of not less than the premium tax threshold.

Clause 7 provides for the levy of land tax under the proposed Act on flats if the value of the allowable proportion determined in accordance with section 9C (2) of the *Land Tax Management Act 1956* is not less than the premium tax threshold.

Clause 8 specifies the rate of land tax under the proposed Act.

Clause 9 provides for the rounding off of assessments to the nearest 10 cents.

Part 3 Identification of premium properties and determination of premium tax threshold

Clause 10 requires the Valuer-General to make an annual determination, on the basis of information provided by the Australian Bureau of Statistics, of the number of occupied private dwellings owned or being purchased in New South Wales. The determination is to be published in the Gazette.

Clause 11 requires the Valuer-General to make an annual determination of the percentage by which average land values of land within residential zones in the Sydney statistical division have changed between 1 July 1997 and 1 July last preceding the making of the determination. The determination is to be published in the Gazette.

Clause 12 provides for the determination of the premium tax threshold for a land tax year. The threshold is set initially at \$1 million. The premium tax threshold may be increased for a subsequent land tax year depending on the percentage change in land values determined under clause 11. The amount of the premium tax threshold for a land tax year is also to be increased if, in the opinion of the Valuer-General, it is necessary to do so to ensure that not more than 0.2% of occupied private dwellings owned or being purchased in New South Wales will be liable to tax under the proposed Act. A determination under clause 12 is to be rounded off to the nearest \$1,000. A determination under clause 12 is to be published in the Gazette.

Part 4 Miscellaneous

Clause 13 is a formal provision that provides for the amendment of the Acts specified in Schedule 2.

Clause 14 enables the making of regulations for the purposes of the proposed Act.

Clause 15 requires a review of the proposed Act to be undertaken after 5 years.

Schedule 1 Sydney statistical division

Schedule 1 lists the local government areas that currently comprise the Sydney statistical division.

Schedule 2 Amendment of Acts

Schedule 2 makes consequential amendments to the *Duties Act 1997*, the *Land Tax Act 1956*, the *Land Tax Management Act 1956* and the *Taxation Administration Act 1996*.