

LAND TAX MANAGEMENT (AMENDMENT) BILL 1987

NEW SOUTH WALES



EXPLANATORY NOTE

(This Explanatory Note relates to this Bill as introduced into Parliament)

This Bill is cognate with the Stamp Duties (Further Amendment) Bill 1987.

The object of this Bill is to amend the Land Tax Management Act 1956 to expand the scope of exemption from land tax in cases of multiple occupancy of land. The Bill provides that land used as the principal place of residence of the owner of the land will not cease to be exempt because there is a "granny flat" on the land as well as the owner's home.

Clause 1 specifies the short title of the proposed Act.

Clause 2 provides that the proposed Act shall be deemed to have commenced on 31 December 1986.

Clause 3 is a formal provision which gives effect to the Schedule of amendments.

Schedule 1 (1) substitutes section 10 (1) (r) of the Principal Act. The new paragraph expands the scope of the tax exemption for residential land which is presently in section 10 (1) (r) (ii). Land which satisfies all relevant criteria for exemption will be exempted from tax under the proposed amendments even though there is a residential occupancy on the land as well as the owner's home. The residential occupancy must be one listed in proposed section 10 (1D) (b) (ii) (A)-(F). At present, land on which there is an occupied flat, as well as the owner's home, is not exempted because only one flat, being the owner's home, may be on the land if the exemption is to be allowed. A flat, as defined in section 3 (1), may be a room or a suite of rooms.

Schedule 1 (2) and (3) amend section 10 (1) (u) as a consequence of the substitution of section 10 (1) (r).

Schedule 1 (4)-(6) amend section 10 (1D), which defines "residential land" for the purposes of section 10 (1) (r), to take into account land on which there is more than one building.

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Schedule 1 (7) substitutes section 10 (1D) (b) (ii) and (iii) to exclude from the meaning of "residential land" land on which the owner's home is situated if—

- (a) out of the total of all rooms and flats in the buildings on the land, there are occupancies other than that of the owner and one of a number of specified types of residential occupancies; or
- (b) income is derived from buildings on the land, other than as the consideration for not more than one of those types of residential occupancies.

Without affecting the land's residential classification for the purposes of the exemption in section 10 (1) (r), the owner of the land will be able to have on the land—

- (a) one room;
- (b) one suite of rooms;
- (c) one flat;
- (d) one suite of rooms and one room;
- (e) one flat and one room; or
- (f) 2 rooms, each of which is separately occupied,

occupied for residential purposes, and to receive payment for that occupancy. A suite of rooms differs from a flat in that it is not a self-contained dwelling. For the purposes of section 10 (1D) (b) (ii) and (iii), all occupants of a suite must be entitled to occupy each room in the suite.

There are other bases on which land is not residential for the purposes of section 10 (1) (r) which are not affected by the proposed amendments.

Schedule 1 (8)–(10) amend various sections of the Principal Act as a consequence of the substitution of section 10 (1) (r) and (1D) (b) (ii) and (iii).
