

Queensland land tax – Covid-19 relief

On 9 April 2020 the Queensland government announced a \$400 million land tax relief package aimed at assisting commercial and residential landlords impacted by Covid-19.

The measures are intended to encourage the economic impact of Covid-19 to be shared fairly between landlords, tenants, financiers and the Government.

While some of the relief measures, such as a waiver of foreign surcharge and a three month deferral of 2020-2021 land tax assessments will be automatic, landowners will need to self-assess their eligibility for a 25% land tax rebate.

Form of relief

Landlords may be eligible to seek the benefit of one or more of the following relief measures:

- a **land tax rebate**, reducing land tax liabilities by 25% for eligible properties for the 2019-2020 assessment year;
- a **waiver** of the 2% land tax foreign surcharge for foreign entities for the 2019-2020 assessment year
- a **three month deferral** of land tax liabilities for the 2020-2021 assessment year.

Automatic waiver and 3 month deferral

Reassessments will automatically issue to foreign landowners to waive the foreign surcharge already assessed for land held at 30 June 2019.

2020-2021 assessments are based on land held at midnight 30 June 2020, so these assessments are yet to issue. The deferral will therefore delay the timing of when land tax is otherwise payable.

Land tax rebate – Applications required

Landlords wanting to obtain the benefit of the land tax rebate will be able to apply from 14 April 2020 up until 30 June 2020.

Land tax rebate - Eligibility

A landowner can apply for land tax relief from 14 April 2020 if they meet certain conditions.

Tax types

- land tax

Tax practice areas

- tax advisory services
- corporate tax advisory services
- tax audits and reviews

If properties continue to be tenanted, the landlord must satisfy the following conditions:

- the landowner rents all or part of a property to one or more tenants
- at least one tenant's ability to pay their normal rent is impacted by Covid-19
- the landlord provides rent relief to affected tenants consistent with the amount of the land tax rebate
- the landowner complies with new leasing requirements (explained below), even if the lease is not regulated.

If a landlord has **untenanted properties**, then the following conditions must be satisfied:

- property is currently available for lease
- the landowner's ability to secure a tenant has been impacted by Covid-19
- the landowner requires land tax relief to meet their financial obligations
- the landowner complies with new leasing requirements (explained below), even if the lease is not regulated.

Land tax rebate – Leasing requirements

Landowners wanting to obtain the benefit of the land tax rebate must commit to comply with new leasing principles, which will be introduced into Queensland law.

For commercial landowners, the principles include:

- negotiating in good faith with tenants (who are unable to pay rent due to Covid-19) to seek a mutually agreeable resolution

- not evicting tenants if they are in financial distress or unable to meet their commitments due to the impact of Covid-19
- not increasing rent, except where rent is linked to increased turnover
- not penalising tenants who stop trading or reduce opening hours
- not charging any interest on unpaid or deferred rent
- not making a claim on a bank guarantee or security deposit for non-payment of rent.

Similar principles to the above apply to residential landowners, as well as other specific principles to ensure tenants:

- will not be evicted due to inability to pay rent, or at the end of a fixed term lease
- to allow a tenant to refuse entry for non-essential reasons, particularly if a member of the household has a higher risk profile if exposed to Covid-19.

Land tax rebate – Extent of relief

Whilst land tax is assessed on the total unimproved value of all properties held by a landowner, the land tax rebate will only apply to **specific properties** to which the above conditions apply.

If a landowner is eligible for the land tax rebate because the conditions for tenanted and untenanted properties are both satisfied, then it is expected the rebate will be utilised to provide rent relief to tenants in the first instance, before applying any remaining rebate to assist cashflow pressure of the landlord.

Land tax rebate – How to apply

Eligible landlords can apply for the land tax rebate by logging into their OSR online account, selecting 'My Land' and selecting 'Manage details'.

If landlords have not yet registered for the portal, then instructions on how to do so (including linking individual profiles to accounts of company and trust landowners) can be found in our publication '[OSR online – New land tax portal](#)'

As part of the application process, landowners and their representatives will need to:

- provide their bank account details, so that the rebate can be deposited into their account
- **certify** the landowner's eligibility to claim the land tax rebate and to identify specific landholdings that meet the conditions for tenanted or untenanted properties
- complete a **declaration**, attesting to the accuracy of the information being provided.

Further assistance

To ensure the appropriate certification and declaration can be made as part of the application process, the following should be actioned prior to completing the online application:

- identify and keep copies of records evidencing tenancies in specific properties that have been impacted by Covid-19 – copies of emails from tenants indicating cashflow pressure, seeking rent relief, adjustment to normal operating hours etc
- identify the basis on which the benefit of the land tax rebate will be passed onto tenants – what rent relief has already been agreed with tenants? What is the monetary value of this relief and how does this compare to the estimated land tax rebate? What happens if certain tenancies, such as supermarkets, have not been impacted? How will these factors be taken into account?
- identify that the landowner is committed to adhering to the new leasing principles, which will become part of Queensland law.

If landowners or their representatives have any doubts regarding the eligibility of specific land holdings, including a reasonable basis on which land tax relief will be on-passed to tenants, then they should seek professional assistance and advice.

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