



Queensland Land Tax COVID-19 Relief and Foreign Surcharge Update

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On 7 September 2020 the Queensland Government released a further COVID-19 relief package on land tax for the year 2020/2021. On top of the 2019/2020 relief package, eligible property owners can enjoy a 25% rebate of land tax liabilities for 2020/2021 assessment. There is also a 3-month deferral of land tax liabilities for the 2020/2021 assessment year for those properties.

Further Relief on Land Tax in General

To be eligible for the rebate and deferral, a property owner must satisfy one of the following criteria:

- All or part of the property is leased out to one or more tenants,
 - » **AND** the ability of one or more of those tenants to pay rent is adversely affected by COVID-19
 - » **AND** the owner has provided rent relief to the affected tenant(s) for the 2019/2020 Land Tax assessment year
 - » **AND** the owner will comply with the Queensland Government leases relief package – the Leasing Principles; or
- All or part of the property is available and marketed for lease,
 - » **AND** the COVID-19 adversely affected finding a tenant
 - » **AND** the owner is willing to comply with the Leasing Principles.

The rebate **does not** apply to owner-occupiers.

The owner is also expected to apply the rebate firstly to provide rent relief to the tenants and then apply what remains to the owner's own financial obligations.

Applications must be in prescribed form and the deadline for 2019/2020 rebate application is **31 October 2020** while that for 2020/2021 is **26 February 2021**.



Land Tax Foreign Surcharge

In July 2020, the Queensland Government waived the 2% Foreign Land Tax surcharge generally. Therefore, it is not necessary for any foreign property owners to apply for exemption.

Also, in July 2020, the Queensland Government finalised its rulings on the conditions for granting exemptions to the foreign surcharge by way of *ex gratia* relief as set out in [Public Ruling LTA000.4.1](#).

To be eligible for granting of the *ex gratia* relief, all of the following 4 conditions must be satisfied:

- **Australian-based:** considerations for this condition include there is a head office, principal place of business and/or substantial management executives and office presence in Australia, the employment of Australian citizens or permanent residents, contract for services and supplies from Australian entities, the level and depth of Australian participation in decision making of the company;
- **Compliance with FIRB requirements:** in relation to the acquisition of the relevant land. FIRB approval is required;
- **Meeting regulatory requirements:** contained in the *Corporations Act 2001* and Queensland revenue laws. Outstanding obligations and liabilities under such laws must be considered; and
- **Commercial activities undertaken is a 'significant contribution' to the Queensland economy and community:** factors to be considered include the amount of expenditure on material and services in Queensland, the number of local employees and the size of commercial activities conducted in Queensland. There are no specific requirements but in general things such as expenditure of \$20million a year on wages, materials and services, employing 75 or more full time local employees and

development of 50 lots of real estate are considered to be satisfactory.

The contribution to the economy and community must also be 'significant' and relative to the size of the taxpayer's Queensland landholdings. However, a passive property investor will generally **not** be treated as making a 'significant contribution'.

To apply for *ex gratia* relief, an application should be lodged in the approved form together with supporting information and documentation. The relief is to be considered on a yearly basis. If the relief is granted, the owner must confirm annually that it continues to satisfy the eligibility conditions. The owner **must** inform the Commissioner within 28 days if it no longer satisfies such conditions.

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For more information on Queensland Land Tax read our e-Alert from March 2020: [Queensland Land Tax Foreign Surcharge – Effects and Possible Relief](#) and our April 2020 e-Alert on the Queensland Government's land tax relief measures: [Queensland Land Tax Relief](#).

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