**Directorate: Chief Minister, Treasury and Economic Development**

**17/704 Land Tax Amendment Bill 2018**

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| **Summary of Impacts** |
| * This Bill will amend the *Land Tax Act 2004* to extend land tax to non-principal places of residence from 1 July 2018 and to introduce a foreign investor land tax surcharge.
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*Key to impacts: Red - negative, Amber - neutral and Green - positive*

**Social**

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| **Housing and affordable housing** | * Vacant investment homes are currently exempt from land tax. Extending land tax to these underutilised homes will encourage owners to make them available for rent.
* Increased housing supply offers more choice to prospective renters and helps to address affordability issues.
* The policy will ease pressure on other government housing services.
* The policy encourages properties to be used and occupied rather than left empty, which is important for community cohesion.
* The Bill defines ‘principal place of residence’ expansively and introduces several land tax exemptions. These measures will prevent additional land tax from applying to a person’s usual home during a temporary or unforeseen vacancy.
* The surcharge on foreign owners will create a more level playing field for Australian home buyers and investors to enter the local property market.
* Foreign citizens who formally reside in Australia will be exempt from the land tax surcharge, as it is targeted at owners who live outside Australia.
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**Economic**

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| **ACT Government Budget** | * Extending land tax will increase taxation revenue from vacant properties that were previously exempt ($6 million over 3 years) and will apply tax to all properties owned by foreign people who reside overseas ($4 million over 3 years).
* The surcharge will ensure that foreign owners of property who are based overseas make a greater contribution to funding key services of the ACT Government.
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| **Investment and economic growth** | * The Bill removes the differential tax treatment of investors who leave their homes empty.
* The surcharge may have a minor impact on the attractiveness of ACT housing as a foreign investment.
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| **Cost of living** | * The Bill will increase the taxation burden on investors who leave their properties empty for long periods.
* There are no changes for other owners of rented or occupied properties who will continue to pay the same amount of tax.
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**Environmental**

Not applicable