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Foreign Surcharge (Duties & Land Tax) Information Sessions (2 November 2016 - 1 December 2016)

You can register online [here](#).

Land tax thresholds

The land tax threshold for 2017 is \$549,000

The premium rate threshold for 2017 is \$3,357,000

Did you know?

The land tax threshold is the three-year average of indexed amounts provided by the Valuer General. For the 2015, 2016 and 2017 land tax years, these amounts are \$468,000, \$559,000 and \$621,000 respectively. Therefore, the land tax threshold for 2017 is \$549,000.

Revenue rulings

General

Revenue Ruling G 008 - Foreign Persons and the Foreign Acquisitions and Takeover Regulation 2015 - This ruling outlines the source of the foreign person definition for Surcharge Purchaser Duty and Surcharge Land Tax.

Read more [here](#).

What's happening at OSR

Land acquisition - Additional compensation

The NSW Government has increased the compensation paid for the compulsory acquisition of land to a maximum of \$75,000.

People may be eligible for a backdated payment if the property they owned or lived in was acquired by a NSW government authority between 26 February 2014 and 17 October 2016.

Eligible people are able to register to receive the additional amount. Read more and register [here](#).

Hints and tips

Land tax - Land values

The taxable value of land is the three-year average of the land values provided by the Valuer General. Averaging reduces the impact of land value fluctuations.

The land values used represent the unimproved land value. Therefore, the land value does not include the value of a home or other structures or improvements. It should take into account the 'highest and best permitted use'.

Any objections to the land values used to calculate a land tax assessment should be made directly to the Valuer General. If there is any revaluation OSR will issue a reassessment.

Read more at: valuergeneral.nsw.gov.au

Online subscription service:

- Receive email updates on news at OSR by registering [here](#).
- What would you like to see here? Email your suggestions or feedback to: Client.Education@osr.nsw.gov.au

The assessment, objection and appeal process

When you receive a request for information from OSR it is important to respond by its due date. Failure to do so may result in an adverse assessment being issued to you or your client. This could include interest and/or penalty tax. Once an assessment is issued, it is considered correct until a reassessment occurs. Any amounts on the assessment are payable even if you lodge an objection.

If you dispute an assessment, firstly confirm that you have provided all the relevant information. You can contact OSR to see if additional information will be considered. This saves you time as a reassessment may be made without you going through the objection process.

The next stage is for you to lodge an objection which is considered by the Review Branch within OSR. The objection must be in writing (preferably using the approved form) stating in full the grounds for objection. It must be lodged within 60 days from the date of assessment.

If you are still unhappy with the outcome, you can lodge an appeal with the NSW Civil and Administrative Tribunal (NCAT) or the NSW Supreme Court.

Transfers between married couples and de facto partners

An exemption from duty may apply where a transfer of residential land between a married couple or de facto partners results in the property being held as joint tenants or tenants in common in equal shares. The property being transferred must be either:

- the family home (principal place of residence) or
- vacant land which is intended to be used as the site of the family home.

Break-up of marriages and other relationships

Where a marriage, de facto or domestic relationship is dissolved, annulled or terminated, any transfer, or agreement for the sale or transfer of matrimonial/relationship property may be exempt. The property must be transferred to one of the parties of the marriage or relationship, or to the child or children of either or both of them (including a trustee for the child or children).



Case summaries

Land tax

Morris v Chief Commissioner of State Revenue [2016] NSWCATAD 219 (11 October 2016)

The taxpayer claimed the concession for absences from a former principal place of residence (PPR) under clause 8 of schedule 1A of the Land Tax Management Act 1956 in relation to a property he solely owned.

The Chief Commissioner denied the concession as the taxpayer resided in a property he jointly owned with his sister during the relevant period. As he was entitled to claim the PPR exemption for his actual occupation of the jointly owned property, he was not entitled to claim the absence from former PPR concession. The decision to assess the solely owned property as liable was affirmed by the Tribunal.

Payroll Tax

The National Institute of Dramatic Art v Chief Commissioner of State Revenue [2016] NSWSC 1471 (17 October 2016)

The National Institute of Dramatic Art (NIDA) argued that its wages were exempt wages for the purposes of the Payroll Tax Act 2007 (NSW) under clause 12(1)(c) of Schedule 2 to that Act.

This provision applies to a 'non-profit organisation (other than a school or college, statutory body or an instrumentality of the State) having as one of its objects a charitable, benevolent, philanthropic or patriotic purpose'.

The Court concluded that the Chief Commissioner correctly refused NIDA's application for an exemption from payroll tax from 1 July 2009 and correctly rejected their request for a refund of payroll tax paid because NIDA was a school or college within the meaning of clause 12(1)(c).

Fun facts

- On 11 November, we celebrate **Remembrance Day** in memory of armed forces' members who died in World War I.



Remembrance Day is also known as **Poppy Day** or **Armistice Day**.

- In the original Roman calendar, November was the ninth month of the year. It got its name from the Latin word "**novem**" which means **nine**. However, it became the eleventh month when the Romans added January and February to the start of the year.
- The month of November is also 'Movember' the month for Australian men to grow a moustache to **raise funds to fight prostate cancer**.
- In any given year, November starts on the same day of the week as March and ends on the same day of the week as August.

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Upcoming customer educational activities

Webinars

Payroll tax

- Lodgement and Overview for New Clients - 4 November
- Lodgement and Overview for New Clients - 4 December
- Payroll tax for tax agents and professionals - The common errors - 23 November

Land Tax

- Land tax overview - 3 November
- The principal place of residence exemption - 10 November
- Trusts - 17 November
- Primary production and other exemptions - 24 November

Surcharge Land Tax

- 14 November, 30 November, 7 December

Small Business Grant Information session

- 24 November

Read more and register [here](#).

Seminars

Payroll Tax for New Clients

- Sydney - 9 November

Foreign Surcharge (Duties & Land Tax) Information Sessions

- Sydney - 2 November
- Bondi Junction - 9 November
- North Sydney - 14 November
- Wollongong - 15 November
- Newcastle - 17 November
- Parramatta - 21 November
- Queanbeyan - 22 November
- Wagga Wagga - 23 November
- Dubbo - 29 November
- Orange - 30 November
- Campbelltown - 1 December

These sessions focus on the surcharge purchaser duty and surcharge land tax which apply to foreign persons who acquire or already own residential land in NSW. The definitions of foreign persons and residential land will be explained, as well as exemptions, calculations and more. Light refreshments will be provided.

Read more and register [here](#).