www.pwc.com.au

Land Tax in Victoria

Current State of Play and Future Directions

14 June 2019

Presented by Barry Diamond

pwc

Introduction

Land tax in Victoria has increasingly become an area of interest to government agencies and taxpayers alike.

For government agencies, the increasing need to fund expenditure and the precarious nature of some funding sources has seen a concerted focus on the land tax base.

Of more recent relevance is the focus on valuations and the effect of adopting a new valuation cycle, as well as the commencement of the foreign surcharge regime which has seen consecutive increases in the rate of surcharge applied to foreign owners of land in Victoria since its introduction in 2015.

From a broader tax policy perspective, land tax will continue to be a focal point in the debate over the preferred correct tax-mix and the need to provide for a more efficient tax base which does not distort household and investment decisions.

Contents

1 Land Tax in Victoria

1.1 Land tax and how it works in Victoria

Land tax is payable each year by owners[1] of "taxable land". Land will be taxable land unless it is exempt land for the purposes of the *Land Tax Act 2005* (Vic) (the **LTA**). The land tax is assessed on all taxable land of which the taxpayer was the owner at midnight on 31 December immediately preceding that tax year.

Land tax is calculated on the "taxable value" of land. This is by reference to the land's "site value" as determined by the relevant valuation authority as at the "relevant date". The site value is the land's unimproved value. This is typically the value of the land excluding any improvements to the land such as buildings and fixtures.

Typical properties that are subject to land tax include investment properties, commercial properties and vacant properties. Land tax assessment notices are issued to owners of taxable land (or their authorised representative) generally between January and May each year.

1.2 Exempt land

Some common types of exempt land include:

- land with a taxable value below $250,000[2] (whether alone or together with other taxable land owned by the same owner or grouped with related corporations);
- an owner's principal place of residence;
- land used solely or primarily for primary production purposes; and
- land used for charitable purposes.

1.3 Land tax rates

In Victoria, there are various land tax rates - general rates, surcharge rates for trusts, special land tax rates, general absentee owner surcharge rates and surcharge rates for absentee trusts.

When determining whether an owner of taxable land has breached the minimum threshold value of $250,000 (which applies under the general rates), all taxable land held by that owner is taken into account (i.e. taxable land is aggregated). There are also grouping rules which aggregate taxable land of related corporations in certain circumstances.

Land tax is calculated by applying the appropriate land tax rate to the total taxable value of all taxable land of which the taxpayer was the owner at midnight on 31 December immediately preceding that tax year[3]. The general land tax rates are as follows over the page.

---

[1] Typically, an owner of land is the person registered on title (being the person entitled to land for a freehold estate in possession). However, the concept of "owner" is broader. Commentary on this issue is beyond the scope of this paper.

[2] Although the tax free threshold for land held on trust is lower such that the equivalent land held on trust could result in a higher land tax assessment.

[3] https://www.sro.vic.gov.au/your-land-tax-assessment#how_is_land_tax_calculated

Total taxable value of landholdings	Land tax payable
< $250,000	Nil
$250,000 to < $600,000	$275 plus 0.2% of amount > $250,000
$600,000 to < $1,000,000	$975 plus 0.5% of amount > $600,000
$1,000,000 to < $1,800,000	$2,975 plus 0.8% of amount > $1,000,000
$1,800,000 to < $3,000,000	$9,375 plus 1.3% of amount > $1,800,000
$3,000,000 and over	$24,975 plus 2.25% of amount > $3,000,000

For further information on what rates apply to your land holdings, please refer to the LTA.

1.4 Land tax and trust regime

The LTA has a different taxing regime for land held on trust. It has the effect of both reducing the tax-free threshold and effectively increasing the land tax rate at each relevant band, with the land tax rate tapering off to come into line with the general rates where the taxable value reaches $3 million or more. The differences in the rates and thresholds are illustrated below and can be contrasted with the general rates table above.

Total taxable value of landholdings	Land tax payable
< $25,000	Nil
$25,000 to < $250,000	$82 plus 0.375% of amount > $25,000
$250,000 to < $600,000	$926 plus 0.575% of amount > $250,000
$600,000 to < $1,000,000	$2,938 plus 0.875% of amount > $600,000
$1,000,000 to < $1,800,000	$6,438 plus 1.175% of amount > $1,000,000
$1,800,000 to < $3,000,000	$15,838 plus 0.7614% of amount > $1,800,000
$3,000,000 and over	$24,975 plus 2.25% of amount > $3,000,000

A notification regime exists which effectively deems beneficiaries of certain trusts to be the “owners” of the land for land tax purposes but not to the exclusion of the trustee[4]. The effect of the notification is to reduce the land tax rates so that the general rates apply.

However, as beneficiaries are considered “owners”, their proportionate interest in the trust land can be aggregated with other land owned by the beneficiary. In some cases, this could result in greater overall land tax, depending on whether the beneficiary holds other land in their own right.

[4] The trustee would continue to be assessed (at general rates), however, the land tax paid by the trustee would be allocated against the amount payable by the beneficiary to avoid “double taxation”.

2 Absentee Owner Surcharge (AOS)

2.1 Introduction

In Victoria, “absentee owners” are subject to a land tax surcharge.

Victoria has the broadest land tax surcharge regime for foreign/absentee owners when compared to any other Australian jurisdiction. First, the surcharge is not restricted to “residential” property but applies to all Victorian land other than exempt land. Secondly, it applies to a greater number of land owners.

The top “normal” land tax rate in Victoria is 2.25%. In 2015, the absentee owner surcharge was introduced into the LTA targeting absentee owners and assessing taxable land to a surcharge amount, originally set at 0.5% for the 2016 land tax assessment year.

With a current land tax surcharge rate of 1.5% since the 2017 land tax assessment year (having been increased from 0.5% after one year, and set to increase to 2% for the 2020 land tax assessment year), this takes the top rate of land tax for “absentee owners” to 3.75% for the current land tax assessment year and to a rate of 4.25% for subsequent years - the highest land tax rate across all Australian jurisdictions[5]. The history of the absentee owner land tax surcharge rate is depicted in the table below:

Land tax assessment year	Surcharge rate for taxable land
2016	0.5%
2017-2019	1.5%
2020 and beyond	2%

2.2 Absentee owner

Whilst some other states impose land tax surcharges on an “absentee owner”, the definition of an “absentee owner” varies across each one. Relevantly, Victoria provides the broadest definition, particularly for trusts, when compared to the other states.

Further, the concept of “absentee owner” for land tax purposes can differ from the concept of “foreign purchaser” for stamp duty purposes.

2.3 Victorian approach

In Victoria, an “absentee owner” is an absentee person who is an owner of land in Victoria.

An “absentee person” means:

- a natural person absentee, being an individual who is not an Australian citizen or resident and who:
  - does not ordinarily reside in Australia; and

[5] However, this may change subject to amendments proposed to the Queensland land tax regime becoming law.

  - was absent from Australia on 31 December in the preceding year or for a period of at least six months (in aggregate) in the preceding year;

- an “absentee corporation”; or
- an “absentee trust”.

An “absentee corporation” is a corporation that is incorporated outside Australia or a corporation in which an absentee person, or that person acting together with another absentee person, has an “absentee controlling interest”, broadly meaning that they:

- can control the composition of the board;
- are in a position to cast or control the casting of more than 50% of the maximum number of votes that might be cast at a general meeting; or
- hold more than 50% of the issued share capital.

An “absentee trust” is a much wider concept. A single absentee beneficiary is sufficient to make the trust an absentee trust, regardless of the proportionate interest held by that absentee beneficiary.

An “absentee trust” essentially includes:

- a fixed trust under which at least one “absentee beneficiary” has a beneficial interest in land;
- a unit trust that has at least one “absentee beneficiary” (i.e. absentee unitholder); and
- a discretionary trust that has at least one “specified beneficiary” that is an “absentee beneficiary” .

An “absentee beneficiary” is defined to include:

a) a natural person absentee;

b) an absentee corporation (not acting in the capacity as trustee of a trust); and

c) another absentee trust.

The definitions of “absentee trust” and “absentee beneficiary” are very expansive. Practically, they mean that a trust in a corporate or family group that has at least one “absentee beneficiary” is an “absentee trust” that can potentially “taint” other trusts and corporations within the group.

Certain trusts are intended to be excluded from the regime such as complying superannuation funds, public unit trust schemes, wholesale unit trust schemes and charitable trusts.

As the Commissioner is often not aware whether an owner of land is an absentee owner, it is incumbent on the owner to notify the Commissioner. Absentee owners are required to notify the Commissioner of their status by 15 January each year.

2.4 Exemption from surcharge

At the same time as the absentee owner provisions were introduced, provision was made to allow for certain land owners to be exempted from the surcharge. Initially, these provisions dealt only with absentee corporations but soon also dealt with absentee trusts.

The effect of these provisions is that the Treasurer is permitted to exempt the “absentee person” from having a controlling interest in a company or, in the context of an absentee trust, to exempt an “absentee beneficiary” from holding their interest in the trust as an absentee beneficiary. Where this occurs, the absentee corporation/absentee trust is taken not to be an "absentee".

This power was delegated to the Commissioner, who must have regard to guidelines issued by the Treasurer in exercising his discretion on the application of the exemption.

The Commissioner will have regard to various circumstances in exercising his discretion (as detailed in the Treasurer's guidelines dated 1 October 2018, which mirror, to some extent, the provisions contained in the LTA):

- the nature/ degree of the interest, ownership and control of the absentee person/absentee beneficiary;
- the practical influence to determine, directly or indirectly, the outcome of decisions about the corporation's financial and operating policies or the administration and conduct of the trust;
- any practice or behaviour of the absentee person/absentee beneficiary which affects the corporation's financial or operating policies/affects the trustee's administration and conduct of the trust; and
- any other relevant circumstances.

The type of absentee corporation or absentee trust that is intended to be exempted from the AOS would typically:

a) be Australian based;

b) make a significant contribution to the Victorian economy and community; and

c) exhibit good corporate behaviour.

There are no specific set of circumstances required for the discretion to be exercised. Practically, the Victorian State Revenue Office's view on the above factors, and more particularly as to what constitutes a "significant contribution" to the Victorian economy and whether a corporation or trust is "Australian based", will depend on the nature of the taxpayer and its operations.

For example, an Australian corporate taxpayer with a significant presence in Victoria is likely to be granted an exemption where the day-to-day operations of the corporation are conducted independently of its foreign parent (i.e. the Australian corporation employs a number of Australian staff and the Australian staff are responsible for the day-to-day operations and decisions relating to the Australian operations). Usually, the foreign parent would only provide strategic direction to the Australian subsidiary (for example, marketing and sales support).

Furthermore, there should be an active, commercial activity conducted on the land. A foreign owner who merely holds land passively for rental purposes is not likely to satisfy the criteria for the exemption.

3 Valuations and objections procedures

3.1 Introduction

Although land tax is payable on the taxable value of all taxable land held by an owner on 31 December preceding the tax year, the actual "test time" for that value is the "relevant date" and is calculated in accordance with the *Valuation of Land Act 1960* (Vic) (the **VL Act**).

The taxable value is equal to the site value, being, broadly, the sum which the land, if it were held for an unencumbered estate in fee simple, might in ordinary circumstances be expected to realise at the time of the valuation, if offered for sale on such reasonable terms and conditions as a genuine seller might be expected to require, and assuming that the improvements (if any) had not been made[6].

Generally, the "relevant date" is the date on which the land was valued for the purposes of the last general valuation returned to the valuation authority before 1 January in the tax year.

Prior to 1 January 2018, land valuations were undertaken every two years (biennially) and were carried out by either the relevant municipal council or the Valuer-General of Victoria (**VGV**).

In effect, this biennial valuation process meant that the site value included in a 2019 land tax assessment, compared to its 2018 counterpart, reflected the change in site value from 1 January 2016 to 31 December 2017. Given this period coincided with a booming property market and considerable price growth, it was no surprise that there were substantial spikes in the site values of land included in 2019 land tax assessments.

For 2020 land tax assessments and beyond, valuations will be conducted annually by the VGV, although municipal councils have the option of continuing to undertake land valuations until 2022.

The introduction of annual valuations in Victoria was intended to reduce the volatility associated with traditional biennial land valuations, where market forces can fluctuate dramatically over a two year period. However, we expect the point-in-time valuation approach may still be susceptible to these fluctuations given the volatile property market, especially compared to the approaches in other jurisdictions, such as in New South Wales, where land tax is charged on an average of the site value of land for the preceding three years.

3.2 Objections to site valuations

If a person disagrees with the site value of land on their land tax assessment, they are entitled to lodge an objection under the VL Act. This objection process is separate to the right to object to the site value or capital improved value on the council rates notice.

An objection to a site valuation for land tax purposes must be lodged within two months after the notice of assessment has been served. In our experience, there are a number of reasons why one would challenge the site value, including:

- The presence of constraints or other impediments on the use of the land. For example, there might be contamination, re-zoning and/or height or development restrictions to the land or, until very recently, the land is listed on the heritage register.

[6] See section 2, VL Act, definition of site value

- The land has special physical characteristics that materially affect its value, and the valuation does not take these into account (for example, the shape, size, topography, noise, vibration, erosion or access restrictions).

- The value of the land is inconsistent with recent comparable property sales.

An objection to the site value of the land on the land tax assessment must be lodged with the Victorian State Revenue Office (**VSRO**). Under the VL Act, the Commissioner is then required to forward the objection to the valuation authority that caused the valuation to be made. Typically, the valuation authority would then consider the objection in detail, and this process can often lead to open discussions between the aggrieved taxpayer and the valuer to arrive at an agreed value of the land.

There have recently been a number of Victorian Civil and Administrative Tribunal (**VCAT**) decisions concerning well known heritage listed buildings in the Melbourne CBD which have endorsed dramatically reduced site values of land, resulting in significantly reduced land tax liabilities for their owners, one of which is referred to below. Some of these outcomes, though, will no longer apply following proposed changes to the VL Act.

3.2.1 Case study: VCAT decision on heritage-affected land

The recent VCAT decision of *ISPT Pty Ltd -v- Melbourne City Council and Valuer General Victoria* [2018] VCAT 1647 (***ISPT***) examined how the application of certain hypothetical assumptions under the VL Act could lead to reduced site valuations for heritage-affected land, compared to the unaffected value that would otherwise arise if the land was not heritage-affected. These hypothetical assumptions were intended to reflect the community benefit achieved through the heritage protection of the building, the potential impediment to the land owner arising from higher maintenance costs and restrictions on developer use associated with the heritage registration.

The *ISPT* decision concerned the site value of the iconic Melbourne GPO building, a building listed on the Victorian Heritage Register.

As the building is listed on the heritage register, it was, at the relevant time, subject to a special provision in section 2(8) of the VL Act which required a valuer to value the land on the (conflicting) assumptions that the unimproved land is vacant, and can only be used for its existing purpose within the constraints of its existing improvements, and with no other improvements.

The Melbourne City Council adopted a valuation approach that assessed the site value of the Melbourne GPO at $29,100,000. However, having regard to the assumptions, the owner of the land, ISPT, contested the valuation and asserted it should have a nominal site value of only $1.

Contrasting valuation approaches

In reaching a site valuation of $29,100,000, the Melbourne City Council applied a variant of a rent differential model approved by the NSW Supreme Court to value heritage-affected land under NSW's valuation legislation. Broadly, the valuation method adopted by the Melbourne City Council applied the following formula: $V = U \times E / M$

where:

V= unimproved site value of the heritage listed land

U= unencumbered site value of the land (assuming no heritage constraints)

E = net market rent that could be derived from the land with the existing improvements (i.e. current net market rent)

M = net market rent that could be derived from the hypothetical maximum development of the land with no heritage constraints

On the other hand, ISPT applied a more orthodox hypothetical development approach, summarised in the following valuation formula: V = R - H

where:

V = unimproved site value of the heritage listed land

R = gross realisation value of the land (taking into account any profit, risk factor and selling costs)

H = hypothetical development costs, which are equated to the cost of the existing improvements to the land (by reference to the assumptions in section 2(8) of the VL Act)

Decision

The Tribunal held that the site value of the Melbourne GPO Building was $1.

Section 2(8) of the VL Act did no more than require an artificial assumption that the unimproved land was vacant and can ultimately only be used for its existing purpose within the constraints of its existing improvements, and with no other improvements. This does not dictate a sole (or preferred) valuation method by which the assumption must be met.

In the absence of comparable sales evidence (as there can be no vacant land sales of heritage-registered buildings) the ISPT valuation approach was a permissible, but not ‘ideal’ approach for the valuation of the Melbourne GPO under section 2(8) of the VL Act.

Conversely, the Melbourne City Council valuation method was considered inappropriate as it did not adequately accord with all of the assumptions in section 2(8) of the VL Act, nor the specific characteristics of the Melbourne GPO site.

The Tribunal also considered the Melbourne City Council valuation method was materially different to the rent differential model approved by the NSW Supreme Court.

This decision, together with other similar VCAT decisions, was of considerable concern to the State Revenue Office. Accordingly, recent proposed amendments to the VL Act will see the repeal of section 2(8) of the VL Act so that the site value of heritage affected land is to be determined in a similar way to other land.

The amendments to the VL Act will also have retrospective effect, meaning that for objections currently on foot, no account is to be taken in the valuation of the assumptions required by section 2(8) of the VL Act.

4 Vacant residential land tax (VRLT)

4.1 Introduction

As part of the 2015-16 Victorian State Budget, the Government introduced an annual 1% vacant residential land tax (**VRLT**) on the capital improved value of vacant land. Broadly, the VRLT applies from 1 January 2018 to residential land (as defined) in inner and middle Melbourne suburbs that are unoccupied for more than six months in the preceding calendar year. VRLT is imposed in addition to any other land tax.

4.2 Geographic areas

The VRLT is applied to the “capital improved value” of the land as distinct from the “site value”. Further, it only applies in certain regions, being the following municipal council areas:

Area			
Banyule	Glen Eira	Melbourne	Port Phillip
Bayside	Hobsons Bay	Monash	Stonnington
Boroondara	Manningham	Moonee Valley	Whitehorse
Darebin	Maribyrnong	Moreland	Yarra

4.3 Exemptions

Homes that are exempt from land tax are also exempt from the VRLT. In addition to this general exemption, certain other homes that are unoccupied for six months of a calendar year may also be exempt where:

- ownership of the property changes during the calendar year;
- the property becomes “residential property” during the calendar year;
- the property is used as a holiday home (and occupied at least four weeks by the owner) during the calendar year;
- the property is occupied by the owner for at least 140 days during the calendar year for the purposes of attending their workplace.

The exemptions are all tested in the preceding calendar year. Accordingly, taxpayers should be aware of the VRLT and its impact on them, especially since it has now been in place for over two years. That is, the tests are essentially about historic use, not prospective use.

4.4 Notification

The taxpayer must notify the Commissioner about their property if it is unoccupied for more than six months during the calendar year, by 15 January of the following year (i.e. notification for the 2018 calendar year was required by 15 January 2019). This is completed via the Victorian State Revenue Office’s online portal. The Victorian State Revenue Office has indicated that, typically, late disclosures are treated more favourably than if vacant properties are identified as the result of an investigation.

4.5 Illustration: owning vacant residential land as an absentee owner

The following table shows the differing outcomes to various taxpayers with residential land in the VRLT zones in Victoria. The costs in the table are approximate only, based on flat rates for each tax and are intended for illustration purposes only.

Victorian Tax measure	Australian Resident	Australian Resident with land in VRLT zone	Foreign Corporation	Foreign Corporation with land in VRLT zone
Site value of residential land	$10,000,000	$10,000,000	$10,000,000	$10,000,000
Capital improved value of residential land	$12,500,000	$12,500,000	$12,500,000	$12,500,000
Land Tax @ 2.25% (payable annually) **	$225,000	$225,000	$225,000	$225,000
Absentee Owner Land Tax Surcharge @ 2% (payable annually) **	Nil	Nil	$200,000	$200,000
VRLT @ 1% (payable annually) *	Nil	$125,000	Nil	$125,000
Total ongoing costs (payable annually)	**$225,000**	**$350,000**	**$425,000**	**$550,000**

Payable on the capital improved value of the residential land

Payable on the site value of the residential land

5 Case for a broader land tax regime

Sensible state tax reform can contribute positively to productivity and economic growth. It should be a key component of a broader tax reform agenda, including potential changes to the corporate tax rate and GST.

Taxes based on land values are generally accepted as an equitable and efficient tax as they apply broadly across the community and landowners cannot reduce the supply of land to avoid the tax. Unlike stamp duty, land taxes avoid the imposition of “penalties” on moving between properties, and the inequality of the tax burden falling disproportionally on those who seek to move.

Stamp duty, on the other hand, is generally considered to have a distortive and inefficient economic effect on individuals and businesses as it is often seen as discouraging businesses from investing in existing land and capital, or individuals from moving homes. In comparison to the simplicity of land tax, stamp duty often imposes higher advisory costs, as it requires considerable more time and effort to comply with the complex and ever-changing laws in each state.

Further, although stamp duty has historically been a significant source of revenue for state governments[7], against the backdrop of a slowing property market, and as state governments write-down billions of dollars of expected stamp duty revenue[8], the pursuit of a more efficient tax system has led to calls for the replacement of stamp duty with a more efficient broad based land tax.

Land tax, unlike stamp duty, would provide a more stable source of government revenue, as it is not as exposed to the volatility of the property market. The story of the 2018/19 and 2019/20 Victorian State Budgets is a case in point. Following a boom in property prices, the Victorian government in its 2018/19 Budget projected revenue from stamp duty to grow from $6.81 billion to $7.07 billion[9] whilst land tax was forecast to increase from a comparatively small $2.51 billion to $3.09 billion in 2018/19[10]. However, the slowing of the property market contributed to a dramatic write-down of stamp duty revenue in the 2019/20 Victorian State Budget, with revenue falling from the anticipated $7.07 billion to $5.99 billion. In contrast, land tax, being less susceptible to market forces, was revised upwards to $3.67 billion from the 2018/19 financial year[11].

In part, as a result of the perceived inefficiencies of stamp duty, the ACT Government decided to phase out stamp duty on conveyances of property from June 2012, with the aim of replacing stamp duty with higher general land tax rates for residential and commercial properties. The rationale was clear: replace an inefficient and inequitable tax with a stable and sustainable source of revenue, in a revenue neutral manner.

More recently, South Australia has also moved to abolish stamp duty on non-residential property transfers, citing the high inefficiency cost of the tax. However, unlike the ACT, the South Australian Government has not sought to recoup the lost revenue with an increase in land tax rates, anticipating that the abolition of stamp duty on non-residential property will create indirect benefits for the broader South Australian economy, through increases in investment and growth.

Given that stamp duty remains a significant source of revenue for most other state governments, it is unlikely that the other states would follow South Australia’s model and abolish stamp duty without a counterbalancing revenue measure. One such measure may be an increase in the GST base or rate. However, this reform option would be politically sensitive, as it

---

[7] For example, Victorian land transfer duty revenue is expected to be $5.99 billion, *Victorian Budget 19/20 Statement of Finances, chapter 4, 160.*

[8] *Victorian Budget 19/20*, Treasurer’s Speech, 4.

[9] *Victorian Budget 18/19, Statement of Finances*, Chapter 4, page 141.

[10] Ibid 148

[11] *Victorian Budget 19/20 Statement of Finances*, chapter 4, page 161.

requires agreement between the state and federal governments, and it is unlikely such a replacement would be revenue neutral on a state-by-state basis. In light of this, and as market forces dictate the need to find sources of productivity gains in each state’s economy, it is plausible that other states may look to the ACT model of incrementally phasing out stamp duty in favour of a broad based land tax.

6 Victorian Budget and State Tax changes

The Victorian Budget was handed down on 27 May 2019. Given the current state of the property market, it was expected the Government would introduce some measures to combat the declining stamp duty revenue.

The main measures in the Budget to address this decline included the following:

- The corporate reconstruction exemption was replaced from a 100% exemption to a concessional duty rate of 10% of the duty otherwise payable.

  This is at odds with the principle of corporate reconstructions which often seek to eliminate costs and simplify corporate groups. Further, given corporate reconstructions are between related parties, there may now also be a need to substantiate the dutiable value of transactions, potentially adding further costs to restructuring.

  However, the good news is that the current “post association” requirement (where the parties are required to remain part of the same corporate group for 3 years, otherwise full duty would become payable) will no longer apply.

- The foreign purchaser additional duty rate will increase from 7% to 8% from 1 July 2019.

- The AOS rate will increase from 1.5% to 2% from the 2020 land tax year (commencing 1 January 2020).

One day after the Budget was released an amending Bill was introduced to cater for the above changes. However, it also introduced additional changes not foreshadowed in the Budget. The changes include:

- A “new” item of dutiable property was created, being “fixtures” which are created, dealt with or held separately from the underlying land.

- The economic entitlement rules are largely revamped. The measures are targeted primarily at property developments and now raise significant risks for development agreements put in place from the day after Royal Assent of the legislation.

  Whilst economic entitlement provisions have featured in the Victorian stamp duty regime for some time, they were limited to private companies and private unit trusts and then only if certain thresholds were met. The changes now mean that more entities that hold land can be caught (e.g. individuals, discretionary trusts) and more arrangements can be caught (as there is no threshold).

  The creation or grant of economic entitlements will deem a person to have acquired beneficial ownership of the land. Taxpayers who fail to clearly determine the proportion of economic entitlements created or granted could see the Commissioner do it for them with a potential economic entitlement of 100%.

7 Contact details

National Stamp Duty and Land Tax Partners

Barry Diamond
+61 (3) 8603 1118
barry.diamond@pwc.com

Costa Koutsis
+61 (2) 8266 3981
costa.koutsis@pwc.com

Rachael Cullen
+61 (2) 8266 1035
rachael.cullen@pwc.com

Stefan DeBellis
+61 (7) 3257 8781
stefan.debellis@pwc.com

Rachael Munro
+61 (8) 9238 3001
rachael.munro@pwc.com

Melbourne Stamp Duty and Land Tax Team

George Papadakos
Director
+61 (3) 8603 4729
george.papadakos@pwc.com

Ilyas Elahi
Director
+61 (3) 8603 4371
ilyas.elahi@pwc.com

Billy Cusack
Senior Manager
+61 (3) 8603 1417
billy.cusack@pwc.com

Valerie Misa
Senior Manager
+61 (3) 8603 2219
valerie.misa@pwc.com

Melinda Waduge
Manager
+61 (3) 8603 1548
melinda.waduge@pwc.com

www.pwc.com.au