



LAND TAX

***SUBMISSION BY SOUTH AUSTRALIAN
DEPARTMENT OF TREASURY AND FINANCE***

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SOUTH AUSTRALIAN SUBMISSION ON LAND TAX

Most States have supported the continuation of a Value Distribution Adjustment (VDA) in this category because they recognise the increased revenue capacity of some States arising from the application of progressive rates of tax. We note that the Commission has stated there is a strong conceptual case for including a VDA in the assessment.

It is acknowledged that, in an ideal world, land value data aggregated according to the total value of each ownership would be used to properly construct a VDA. The Commission has stated that, although this information is kept by each State's revenue office (SRO), and has been provided to the CGC, they do not believe that the data is comparable. The Commission believes that the comparability problems are due to differences in the treatment of strata title properties for taxation purposes.

South Australia supports the Commission continuing to explore ways of making the land holder data more comparable and welcomes the engagement of a consultant in this regard. However, if the Commission fails to devise a process of adjusting the data to allow for multiple holdings by one entity, we believe that an un-discounted VDA based on the best available data should be incorporated into the assessment.

That is, we believe that the 50% discount applied in the Draft Report to the commercial and industrial adjustment should be removed in the final assessment method.

We also note that, if it is concluded that the SRO-provided data cannot be obtained on a comparable basis across States, it would be possible to use the Valuers-General data for commercial/industrial property values.

The main reason for shifting to SRO data was to identify the taxable (ie non-principal place of residence) residential tax base.

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