

Landlords and tenants benefit from extra \$50m in land tax relief

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Residential and SME commercial tenants – including gyms, restaurants, cafes, beauty salons and hairdressers - suffering significantly as a result of COVID-19 restrictions will benefit from immediate rent reductions.

It comes as part of a sweeping land tax relief package for their landlords, announced today by the Marshall Liberal Government.

Under the emergency scheme, which is modelled on similar packages in New South Wales and Victoria, eligible landlords* will be offered a 25% reduction on their 2019-20 land tax liability on affected properties.

Treasurer Rob Lucas said landlords would be required to pass on the full benefit[^] of the \$50m in land tax relief to their tenants impacted by COVID-19 restrictions.

“This will be a powerful shot in the arm for local businesses and residential tenants who have been suffering a significant downturn in trade and income as a result of COVID-19 and the necessary restrictions imposed to help limit its spread,” said Treasurer Lucas.

“By helping landlords, we help their tenants – and, in turn, ensure our economy is best placed to bounce back more rapidly from this once-in-a-century crisis.

“This will build on the good work already undertaken by many landlords, who have been working collaboratively with their tenants and financial institutions to find an effective way through this period.

“Rent can be one of the biggest fixed costs for a small business or residential tenant.

“So, by saving hardworking South Australians rent we can provide them greater certainty and help ease their cash flow burden at a time when they need it most, ensuring more local businesses can stay afloat during this pandemic.”

Other aspects of the \$120m in land tax relief measures include:

- \$57.7m in land tax savings for 2020-21 (first year component of the Government’s historic \$189m land tax reforms over 3 years)

- Up to \$13m in additional relief associated with an increase in the 2020-21 Land Tax Transition Fund relief from 50% to 100% based on existing relief criteria guidelines – saving some investors up to an additional \$50,000 in relief

Consistent with decisions of the National Cabinet, the scheme will apply to non-residential tenants with an annual turnover of up to \$50m that experience a 30 per cent (or more) reduction in income as a result of the COVID-19 pandemic (ie consistent with Commonwealth JobKeeper eligibility criteria).

Other measures consistent with the National Cabinet decisions include:

- A six-month moratorium on evictions due to unpaid rent arising from severe rental distress as a result of COVID-19; and
- A temporary freeze on rent increases for the private market

The government is monitoring legislative changes in other states implementing other aspects of National Cabinet decisions and will introduce further legislative changes in the near future.

Small businesses suffering from a significant downturn in trade as a result of COVID-19 are also encouraged to apply for a one-off emergency \$10,000 grant to help cover business and other operating costs.

Applications for the land tax relief are able to be submitted to the end of June 2020 via www.revenuesa.sa.gov.au/lcovid19relief

*For those taxpayers with an outstanding 2019-20 land tax liability and eligible for relief under this scheme, any remaining land tax payable can be deferred for up to six months until around December. Taxpayers who have already paid their 2019-20 land tax liability and are eligible for relief under this scheme will be issued with a 25% land tax refund on eligible properties.

^Land tax relief would be applicable to eligible landlords who can demonstrate that they have provided the minimum required level of rent relief to tenants since March 30, 2020 and/or will provide such relief to tenants up to and including October 30, 2020