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Title:

Statement: Land tax

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STATEMENT

from the Premier

Date..... March 19, 1975

Embargo.....

State Administration Centre,
Victoria Square, Adelaide,
South Australia 5001
228 4811

LAND TAX

Details of State Government proposals to lessen the impact of land tax were today announced by the Premier and Treasurer, Mr. Dunstan.

The proposals are for a general land tax equalisation and also for additional relief in rural areas.

Land Tax Equalisation :

This will apply from July 1, provided State Parliament approves the necessary legislation.

The scheme has been designed to reduce the impact of sharp tax increases resulting from the recent inflation of land values and also to ensure that the level of the tax is equal throughout the State.

Under the present system of a five-year cycle, only one-fifth of the State is revalued each year, which can cause wide disparities in the levels of the tax.

The scheme requires that areas of the State subject to revaluation in the particular year will be taxed on the new valuations. Valuations for the other areas will be brought to the same level as those for the revalued areas by multiplying the existing valuations by factors which will be determined by the Valuer-General.

Separate factors will be determined by him for each local government area, or part of one, considering movements in values within it. If movements have been downwards, the factors will reduce the existing valuations.

In the first year of operation of the scheme, 1975/76, the equalised values for two-fifths of the State and the new valuations currently being made for a further one-fifth, will reflect the substantial increases in land values which have occurred there since the last revaluation in 1970/71.

The impact of sharp increases in tax which would otherwise occur, will be reduced by a modification of the scale of land tax rates, Mr.

Dunstan said.

There will be substantial reductions in the rates of tax where the land value is less than \$40,000 with reductions to a lesser degree and on a reducing scale, where the value of land owned is greater than \$40,000.

Primary producers will be allowed a basic exemption of \$40,000 and they will only pay land tax at the new scale on the value of their land in excess of that value. This exemption will replace the existing rebates of tax and allowance of exemptions on values up to \$12,500.

The Premier said that people in areas which incurred sharp increases in land tax in the current year as the result of revaluations, could generally expect some significant reduction in the tax compared with this year. This was because of the modification of the rates and the new exemption for primary production land.

Mr. Dunstan said further relief would be given to organisations with community involvement by liberalisation of the exemption provisions of the Act.

Religious, educational and charitable organisations and subsidised hospitals who at present qualify for partial exemption, will be fully exempted except in relation to investment properties for which the partial exemption will continue to apply.

The partial exemption rate of tax, which is a flat rate of 2¢ for each \$10 of the valuation in lieu of the higher graduated rates that might apply, will also be extended to land owned by sporting bodies and used for the purposes of organised sport, to land owned by ex-servicemen's organisations, trade union and employer organisations, progress and community associations, agricultural societies and to land of historic value held for preservation by trusts or other organisations, provided the land is actually used for the particular purpose of the organisation.

After June 30 next year the general effect of the scheme will be to bring all valuations for land throughout the State into line with current trends in land values whether they have been up or down. Mr. Dunstan said the Government would be in the position to adjust the rates of the tax as might be appropriate to the movement in values.

It had not been able to do this at present because of the disparity in the level of valuations between areas of the State.

Rural Land Tax :

In addition to relief with the general equalisation scheme, State Cabinet will give further help to farmers and other primary producers.

Mr. Dunstan said the Government had considered both the magnitude of the tax increases on rural land and the general economic situation in the rural industry.

The movement in rural land valuations has been generally higher than that for urban land.

In some rural areas the average increases have been in excess of 150% compared with the general average of 100% for urban land.

The timing of the increases in land tax coincided with declining returns for beef cattle, sheep and wool, so affecting the ability of a wide section of farmers to meet them.

Cabinet has therefore decided that, ^{for} this financial year's purposes only, the increases in rural valuations will be limited to 100% above the previous valuations, that is, the same as the average percentage increase for urban land revalued for 1974-75 taxing purposes.

The situation with valuations and rates of tax to apply next year for both rural and urban land is covered by the proposed land tax equalisation scheme.

Land tax paid by primary producers in 1974-75 on valuations which were increased by more than 100% will be adjusted and credits allowed against the 1975-76 land tax.

Applications for the reductions will not be necessary. The credits will be calculated by the State Taxes Department and shown on the 1975-76 land tax accounts and in the event that they should exceed the amounts for 1975-76 tax, the excess will be refunded. There will, of course, be no adjustment and credit if the increase in the valuation was less than 100%.

Mr. Dunstan said land tax assessed for 1974-75 must be regarded as due and payable and payment should be made by the due date to avoid fines and recovery action.

"However, in cases where payment involves hardship, special applications may be made to the Land Tax Division of the State Taxes Department to permit payment of the 1974-75 tax on the basis of the increase in valuation being limited to 100%", he added.

The Premier said he was grateful for submissions made to the Government by the United Farmers and Graziers organisation of South Australia.

The U.F. & G. had proposed that owners of land valued at \$40,000 or under pay only a minimum \$25.

The Premier said he very much appreciated the efforts of the U.F. & G. to evolve an equitable scheme.

However, in view of the particular situation facing the 13,000 primary producers on small holdings in the Murray, Barossa and other areas, the Government had decided to waive any minimum rate and extend relief beyond the level proposed by the U.F. & G.



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