

Retirement Villages and Aged Care Facilities Alert

6 May 2010

GOOD NEWS – LAND TAX CHANGES

The Victorian State Government has announced changes to the *Land Tax Act 2005 (Vic)* as part of the 2010 Budget announced on Tuesday 4 May. These changes will extend the current exemptions for land tax for retirement villages and aged care facilities in Victoria.

Currently, land upon which a retirement village or aged care facility is to be developed is exempt from land tax only once the land is occupied or is available for occupation. The State Revenue Office usually requires the production of a certificate of occupancy to establish that the unit or facility is available for occupation. This meant that land owners were liable to pay land tax throughout the building and construction phase, with land tax comprising a significant holding cost for developers.

The proposed changes will extend this exemption to apply during the construction phase of a retirement village or aged care facility for a maximum period of 2 years. The trigger event for determining when the exemption commences is still to be clarified. It seems likely that the issue of the permit for the use and development of the land will be the triggering event. However, the State Revenue Office is still to clarify this.

It is likely that the exemption will be available from the commencement of the 2011 land tax year.

As more details are released by the State Revenue Office we will provide further updates.

If you would like any further information in relation to the proposed changes please contact:



John Corcoran
Principal

Ph: +61 3 9609 1624
E: jcorcoran@rk.com.au



Wai Hwoon Low
Principal

Ph: +61 3 9609 1627
E: whlow@rk.com.au



Rosemary Southgate
Principal

Ph: +61 3 9609 1637
E: rsouthgate@rk.com.au



Kathryn Elleman
Principal

Ph: +61 3 9609 1521
E: kelleman@rk.com.au

DISCLAIMER

The information contained in this alert is intended as general commentary and should not be regarded as legal advice. Should you require specific advice on this topic, please contact the author/s directly.