



The Uniting Church in Australia QLD Synod

Finance & Property Services

Property Resources

Land Tax FAQs

The Property Resources Team has been engaged in a lengthy formal objection process with the Office of State Revenue (OSR) in relation to the Land Tax liability incurred by The Uniting Church in Australia Property Trust (Q.).

Following the resolution of this objection, we have designed this series of frequently asked questions (FAQs) to assist Uniting Church in Australia, Queensland Synod congregations and agencies in understanding their obligations in relation to Land Tax liabilities for their beneficial use properties. If you have other questions, please contact [Property Resources](#) for assistance.

1. Why is my property liable for Land Tax?

Land Tax is a state tax levied on freehold land. For Land Tax purposes, 'land' includes:

- vacant land
- land that is built on
- lots in building unit plans
- lots in group title plans
- lots in a time share scheme
- lots owned by a home unit company

2. Isn't the Church exempt from tax?

No. Land Tax is levied on the basis of usage, not ownership. Some *uses* however are exempt. Unless you can establish that your land is used for a 'qualifying exempt purpose', then your property **will be subject to Land Tax liability**. Under s46(h) of the *Land Tax Act 2010*, the meaning of Exempt Purpose is:

- a) Activities of a religious nature;
- b) A public benevolent purpose;
- c) An educational purpose;
- d) Conducting a kindergarten;
- e) The care of sick, aged, infirm, afflicted or incorrigible people;
- f) The relief of poverty;
- g) The care of children by—
 - i. Being responsible for them on a full time basis;
 - ii. Providing them with all necessary food, clothing and shelter; and

- iii. Providing for their general wellbeing and protection;
- h) Another charitable purpose or promotion of the public good;
- i) Providing residence to a minister, or members of a religious order, who is or are engaged in an object or pursuit of a kind mentioned in any of the paragraphs a) to h).

3. How can I avoid paying Land Tax?

Because Land Tax is levied on the basis of usage, how you use your property will influence whether or not it is liable for Land Tax. If you can establish that your property is used for a qualifying exempt purpose (see above) then you may not be liable to pay Land Tax.

4. Will a residential/commercial tenancy attract a Land Tax liability?

Yes, unless the case can be made that the use is a 'qualifying exempt purpose'. In the objection raised with the OSR, and relying on the "Word Investments case", the **current** principle is that commercial activity is properly characterised as charitable where the proceeds of that activity are directed to an entity's charitable purposes. In our objection we argued that our income generating properties were being used for the exempt purpose of "other charitable purposes" under s46(h) of the *Land Tax Act 2010*.

5. We only charge 65% of the market rental on our *residential* property; doesn't that avoid Land Tax liability?

Yes – with rental at that rate, the OSR considers the property is being used for a charitable purpose, probably best described as affordable housing (sub-clause f) relief of poverty).

6. Do we still have to charge less than market rates to avoid a Land Tax liability?

No. The successful objection to the 2012–13 assessment means that the **application** of income generated by the Church from its properties to the charitable purposes of the Church is itself "another charitable purpose or promotion of the public good" (sub-clause h).

7. Should we increase our rentals to market rates?

Under this ruling Land Tax liability is no longer a reason to restrict your rent to 65% of market rates however, the decision to increase will be guided by your individual missional and financial priorities. Obviously, if a tenancy agreement is in place, the terms of that agreement must be upheld until the expiry/review date.

8. What happened to the 2013–14 assessments?

While the Property Resources team was engaged in the objection case with the Office of State Revenue (OSR), the OSR agreed to suspend the 2013–14 assessment. Once the final reassessment is completed, invoices for the immediate payment of the 2013–14 assessment will be issued by Property Resources.

9. When do I get my refund?

The Property Resources team is in the process of identifying which properties had previously been assessed as liable but, in light of our objection and the *Word Investments Case*, have now been granted exemptions. Once this process has been completed, congregations and agencies that have paid Land Tax on properties now exempted from Land Tax liability will be contacted in relation to any refunds owing. It is expected that this process may take several weeks.

10. What are my reporting responsibilities?

In most cases, you do not have to take any action. The Property Resources team will contact you to explain your obligations and entitlements. We will distribute Land Tax surveys to congregations and agencies shortly after we have received the preliminary assessment of our Land Tax liability.

Upon receipt of your survey, you must notify us if how you use your property has changed since the previous assessment. This will ensure that we provide the correct data to the Office of State Revenue.

11. How and when is Land Tax calculated?

Land Tax is assessed on the taxable value of an owner's total land-holdings. The Office of State Revenue calculates the total value of all land owned by The Uniting Church in Australia Property Trust (Q.) as at 30 June every year. The taxable value will be the total value of your land, less any exemptions you have claimed. The value of the total portfolio will affect that rate at which Land Tax is payable.

12. How much Land Tax will I have to pay?

Your Land Tax liability will depend on the taxable value of your property. The taxable value of your property will be divided by the total taxable value of all assessable property owned by The Uniting Church in Australia Property Trust (Q.) to determine your share of the total liability. This figure will then be multiplied by the total Land Tax liability to determine your contribution.

13. How often do I have to pay Land Tax?

Land is levied every year as at 30 June. As such, your liability will be reassessed annually.

14. Why do we pay Land Tax at the maximum rate?

The rate of Land Tax is calculated using the total taxable value of all property owned by The Uniting Church in Australia Property Trust (Q.). Due to the total taxable value of property owned by the Uniting Church across Queensland, we are in the highest category for the rate of Land Tax.

15. Where can I read more about Land Tax?

Further information about Land Tax can be found on the [Office of State Revenue website](#).