



FACT SHEET

The Valuation of Land and Other Legislation Amendment Bill 2010

- The Valuation of Land and Other Legislation Amendment Bill 2010 will radically change Queensland's method of valuation, rating and land tax system, affecting all Queenslanders in some way.
- Under the Bill, the State proposes that the unimproved value of land will now include, among other things, any good will, the added value of leases and agreements for lease, and the value of infrastructure charges paid.
- Effectively, the more an owner improves their property, the more they will be taxed.
- Queensland already has very high rateable land values, meaning Queenslanders already pay much more land tax than most other States.
- The Bill was introduced by the State Government on 11 February and is due to be debated in Parliament on 23 February 2010.
- The Bill significantly changes the definition of unimproved value to include entrepreneurial effort. This is a substantial shift in the valuation process used by Queensland for the past 70 years.
- This will be a new tax on business in Queensland. It will increase the cost of doing business and diminish business confidence in the State Government. Investors will take their money and the jobs they create, to other States.
- The Bill will increase the unimproved value of land and, subsequently, the liability for rates and taxes. The Property Council of Australia and other industry groups have conservatively estimated land tax increases in many cases of 20-40% across the board, with more highly developed properties facing much more substantial increases as a result of these amendments.
- Those renting will not be immune, with landowners passing on the increased cost of owning land through rental increases. For those living close to the CBD, this impact is expected to be substantial. Such an outcome is directly at odds with the State and Federal Government's commitment to affordable housing.
- The Bill follows lengthy and ultimately unsuccessful litigation by the Queensland government.
- It will directly impact a broad range of industries, including retailers, residential investment properties such as flats and units, rural properties, child care centres, theme parks, hotels, shopping centres, nursing homes and commercial and retail property by changing valuation practices.
- It will negatively impact on asset values which will lead to lower returns by superannuation funds and listed property trusts, thereby hurting those saving for or living out their retirement.

The Voice of Leadership

LEVEL 3 232 ADELAIDE STREET BRISBANE QLD 4000 – GPO BOX 113 BRISBANE QLD 4001
PH 07 3225 3000 – FAX 07 3229 9160
www.propertyoz.com.au


**PROPERTY
COUNCIL**
of Australia

- The amendments proposed in the new Bill are to be retrospective, applying to all valuations in effect from 30 June 2002.
- The process for making objections will also make it more difficult to object to valuations.
- This is nothing more than taxation by stealth. If these amendments pass, it will impose a new business tax on almost every Queenslanders.

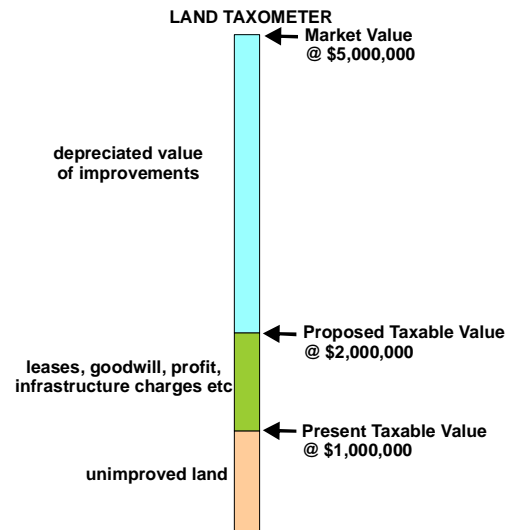
The Impact of the Bill on a Small Business

A motel with a large goodwill component in its value:

Building cost	\$3,000,000
Value of profit, goodwill etc	\$1,000,000
Vacant land value	<u>\$1,000,000</u>
Market Value	\$5,000,000

Taxable value (\$1,000,000 + \$1,000,000) = \$2,000,000; a 100% increase on the taxable land value.

For a company this is an additional \$17,000 per year in land tax and is likely to reduce the market value of the property by about \$85,000, presuming Councils don't also increase their rates.

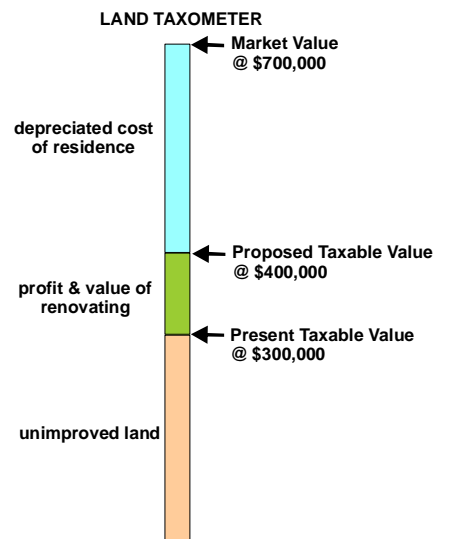


The Impact of the Bill on a Home

House:

Market Value	\$700,000
Building cost	\$300,000
Land value	<u>\$300,000</u>
Value in excess of land plus building	\$100,000

Council rates and land tax (if applicable) will now be based on \$300,000 + \$100,000 = \$400,000 notwithstanding the vacant allotment is worth \$300,000.



The Voice of Leadership

LEVEL 3 232 ADELAIDE STREET BRISBANE QLD 4000 – GPO BOX 113 BRISBANE QLD 4001
PH 07 3225 3000 – FAX 07 3229 9160
www.propertyoz.com.au



The Impact of the Bill on an Industrial Property

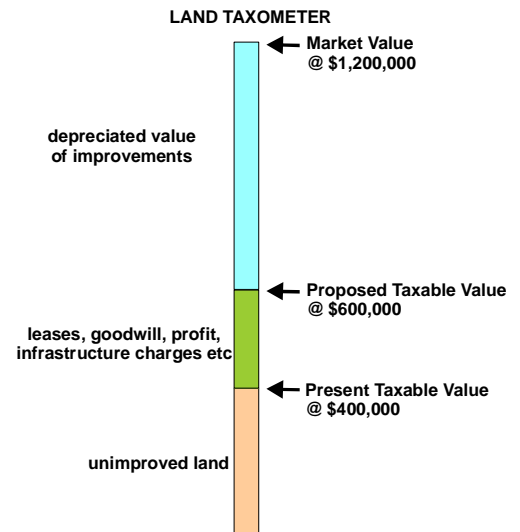
A rented industrial building:

Building cost	\$ 600,000
Value of leases, goodwill, profit etc @ 20% of land +building	\$ 200,000
Vacant land value:	<u>\$ 400,000</u>
Market value	\$1,200,000

Whereas the unimproved land value would have been \$400,000 the taxable value will now be

\$400,000 + \$200,000 = \$600,000; a 50% increase.

For a company this is an additional \$3,400 per year in land tax and is likely to reduce the market value by about \$34,000, presuming Councils don't also increase their rates.

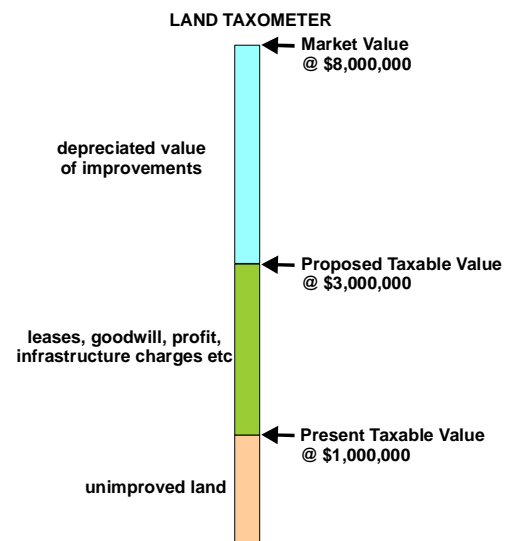


The Impact of the Bill on the Rural Sector

Intensive feed lot with a large business component:

Building cost	\$5,000,000
Value of profit, goodwill etc	\$2,000,000
Land value	<u>\$1,000,000</u>
Market value	\$8,000,000

Taxable value is \$1,000,000 + \$2,000,000 = \$3,000,000, a 200% increase in the taxable land value. For a company this is an additional \$32,500 per year in land tax which may reduce the property's market value by about \$130,000, presuming Councils don't also increase their rates.



For further information: Steve Greenwood, Executive Director – (07) 3225 3000

The Voice of Leadership

LEVEL 3 232 ADELAIDE STREET BRISBANE QLD 4000 – GPO BOX 113 BRISBANE QLD 4001
PH 07 3225 3000 – FAX 07 3229 9160
www.propertyoz.com.au

PROPERTY COUNCIL
of Australia