



## Land and Tax Assessments – Objections to Valuation - March 2009

### Introduction

The Land Tax Assessment Act 2002 (WA) (“LTAA”) provides the method for land to be assessed for land tax each financial year.

### Midnight on 30 June

Where land owned by at midnight on 30 June of any financial year (“previous financial year”) qualifies as being subject to land tax, that land is ordinarily assessed for land tax in the following financial year as follows:

***Relevant land tax rate x unimproved value of the land***

### Unimproved Value of Land

The unimproved value of the land used by the Commissioner of State Revenue (“Commissioner”) in this calculation is the value determined by the valuation in force under the Valuation of Land Act 1978 (WA) (“VLA”) as at midnight on 30 June of the previous financial year.

### Falling Property Prices

With the downturn in the global economy and the softening in property prices in Western Australia in the last year or so, there may be instances where the valuation in force under the VLA for a particular lot of land as at midnight 30 June 2008 exceeds the actual market value of that land as at 30 June 2008. In many cases, this arises because the valuation in force under the VLA for that particular land has not been updated to take into account the market downturn.

### Additional Land Tax Payable

By way of example, where the valuation in force under the VLA for land as at midnight 30 June 2008 is greater than \$11,000,000 but exceeds the actual market value of that land as at midnight 30 June 2008 by \$100,000, this will result in an additional \$2,300 in land tax being assessed in relation to that land.

### 2009 Assessments

Where a taxpayer receives a land tax assessment notice (“assessment”) for the 2008/ 2009 financial year using an unimproved value of the land that appears to exceed the actual market value of that land as at 30 June 2008, the taxpayer should consider challenging the assessment. It would be appropriate to obtain independent valuation evidence to confirm this view.

Taxpayers who wish to challenge an assessment on the grounds that the unimproved value of the land used by the Commissioner to determine the land tax liability applicable to that land was excessive should note the process to be followed.

## **The Objection Process**

The VLA sets out a simple process by which a taxpayer may lodge an objection against the unimproved value of the land used as the basis for assessing land for land tax liability for a particular financial year. The process is summarised as follows:

1. A written objection must be made to the Valuer-General or the Commissioner within 60 days after the issue of the assessment (unless the Valuer General otherwise extends the time period in which an objection may be lodged).
2. The written objection should set out in full the grounds of objection and the reasons which support the grounds of objection. To this end, it would be critical to present independent valuation evidence demonstrating that the unimproved value of the land used by the Commissioner as the basis for issuing the assessment did not represent the actual market value of the land as at midnight 30 June 2008.
3. An objection to a valuation of land may be made on the grounds that the valuation is not fair or it is unjust, inequitable or incorrect, whether by itself or in comparison with other valuations in force under the VLA.
4. The written objection does not need to be prepared by the taxpayer and can be drafted by any authorised person or agent of the taxpayer (for example a solicitor).

### **Review of Objection Decision**

Any taxpayer who is dissatisfied with the decision of the Valuer-General on objection may, within 60 days after receipt of the decision of the Valuer-General (or such further period as the Valuer-General may allow), serve on the Valuer-General a notice requiring the Valuer-General to refer the valuation to the State Administrative Tribunal for review.

### **Need Help**

The Taxation & Succession Practice Group at Jackson McDonald is well placed to assist taxpayers with advice on all taxes, including land tax. For further information please contact Jemal Zagami, Partner, (08) 9426 6612.

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