



Valuer General's Policy

ISSN 2203-9600

No.17 August 2014

Concessions for single residential or rural land zoned for higher use

What This policy provides guidance on concessions for land used as a single residence, or rural land, in a zone permitting a higher use.

How Under this policy, valuers must make a part determination of land values if landholders are eligible for a rating and taxing concession under section 585 of the *Local Government Act 1993* or section 62K of the *Land Tax Management Act 1956*.

Why This policy will ensure that part determinations of land values are:

- consistent and accurate
- transparent
- in line with the *Local Government Act 1993* or the *Land Tax Management Act 1956*.

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1 Policy

1.1 Scope

Rating and taxing concessions

Landholders may apply to their local council or the Office of State Revenue for a rating and taxing concession in specific circumstances where their land is valued at a higher use than they are currently using it for.

Landholders who qualify receive a form of relief from payment of part of their rates or taxes.

It is the responsibility of each rating and taxing authority to ensure that applications made by landholders for a rating and taxing concession comply with section 585 of the *Local Government Act 1993* (the Local Government Act) or section 62K of the *Land Tax Management Act 1956* (Land Tax Management Act).

Land values

Under this policy, valuers must make a determination of land values if the land is eligible for a concession.

1.2 Assumptions and considerations

Eligibility for concessions

environmental planning instrument

To be eligible for a concession a parcel of land must meet one of the below criteria. The criteria are identical in both the Land Tax Management Act and the Local Government Act.

a	A parcel of land on which there is a <u>single dwelling house</u> used or occupied as such and which is zoned or otherwise designated for use under an environmental planning instrument (EPI) for the purposes of industry, commerce or the erection of residential flat buildings, not being land referred to in paragraph b or c,
b	A parcel of land (which may comprise one or more lots or portions in a current plan) on which there is a <u>single dwelling house</u> used or occupied as such and which is zoned or otherwise designated under an EPI so as to permit its subdivision for residential purposes, not being land referred to in paragraph c.
c	A parcel of <u>rural land</u> which may comprise one or more lots or portions in a current plan) which is zoned or otherwise designated under an EPI so as to permit its

use otherwise than as rural land, or its subdivision into two or more lots or portions, one or more of which has an area of less than 40 hectares.

Attributable part of the land value

highest and best use

If the council is satisfied that land is eligible for a concession it refers the application to the Valuer General. If land is eligible for a concession under section 585 of the Local Government Act you will need to determine the attributable part of the land value.

To do this you must:

- deduct the value of the land as if it could only be used as a single residential site from the land value made under section 6A of the Valuation of Land Act 1916 (assuming the highest and best use of the land)
- or deduct the value of the land as if it could only be used as rural land (if the land meets criteria c).

The difference between the two figures is the attributable part.

When assessing the value of the land as if it could only be used as a single residential site you must exclude any part of the parcel considered to be in excess of the reasonable needs for the single dwelling on the land. Refer to the examples below.

Example 1

An owner qualifies for a rating and taxing concession under section 585 of the Local Government Act so the “attributable part” of the land value must be determined.

The lot has an area of 4,000 m² and is in a high density residential zone. The lot has a single dwelling set in landscaped gardens that cover the whole site. It has been valued on its highest and best use as a unit site.

The landscaped gardens are obviously used by the owners in conjunction with the dwelling. In this case the “attributable part” is the difference between the value of a single residential block of 4,000 m² and its value as a unit site.

Example 2

An owner qualifies for a rating and taxing concession under section 585 of the Local Government Act so the “attributable part” of the land value must be determined.

The lot has an area of 4,000 m² and is in a high density residential zone. The lot has been valued as a unit site. A single dwelling is situated in the corner of the lot. The dwelling occupies 800 m² and has been fence off from the rest of the site. The rest of the site is overgrown and obviously not used. The “attributable part” is the difference between the land value of the 800 m² single residential site and the land value of the 4,000 m² unit site.

Unutilised value allowance

If a landholder qualifies for a rating and taxing concession under section 62K of the Land Tax Management Act you will need to determine the unutilised value allowance.

This is the same as the attributable part of the land value and calculated the same way.

Objection rights

There are no rights of objection against an attributable part determination of land value under section 585 of the Local Government Act. However, the council must require the Valuer General to re-determine the attributable part should the land value be altered on objection or correction of a clerical error or misdescription (section 598).

An objection may be made to an unutilised value allowance under Section 62K of the Land Tax Management Act (section 62N).

2 References

2.1 Definitions

environmental planning instrument A legal document that regulates land use and development under state environmental planning policies and local environmental plans.

highest and best use Valuation concept that refers to the possible use of a property that would give the highest market value. The use must be legal, physically possible and financially viable.

2.2 Laws and policies

Governing NSW law *Valuation of Land Act 1916* (Valuation of Land Act)
 Section 6A
Local Government Act 1993
 Section 585
Land Tax Management Act 1956
 Section 62K

Related Valuer General policy None.

3 Context

3.1 Role of the Valuer General

The Valuer General for NSW

In NSW, the *Valuation of Land Act 1916* establishes the Valuer General as the independent statutory authority responsible for ensuring the integrity of land valuations in NSW.

Land and Property Information manages the valuation system on behalf of the Valuer General, outsourcing the majority of valuation services to private valuation firms.

The Valuer General is committed to an open and transparent valuation process that is easy for landholders to understand.

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Title: Concessions for single residential or rural land zoned for higher use

ISSN: 2203-9600

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Any enquiries relating to the policy may be address to the Office of the Valuer General at feedback@ovg.nsw.gov.au

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Document control

Approval

Name and position	Signature and date
Simon Gilkes, Valuer General	 20/11/2014

Version

Number	Status	Date	Prepared by	Comments
0.1	Final	20/11/2014	OVG	First release

Next review

Date	Comments
November 2015	May be reviewed sooner following release or as needed