

Valuer General

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Treatment of GST in land value

Guidance Note

February 2024



Acknowledgement of Country

The office of the Valuer General and Valuation NSW acknowledges that we stand on Aboriginal land. We acknowledge the Traditional Custodians of the land, and we show our respect for Elders past and present through thoughtful and collaborative approaches to our work, seeking to demonstrate our ongoing commitment to providing places in which Aboriginal people are included socially, culturally, and economically.

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More information

Enquiries relating to this guidance note should be addressed to the office of the Valuer General via email to valuergeneral@dpie.nsw.gov.au.

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Introduction

1.1 Purpose

This document is intended to provide guidance on the treatment of the Goods and Services Tax (GST) in land values.

Under this guidance note, land values are inclusive of GST, where it applies.

This guidance note will ensure that the Valuer General's land valuations are:

- consistent and accurate
- transparent
- in line with the *Valuation of Land Act 1916* (the Act)

1.2 Background

In NSW, the Act establishes the Valuer General as the independent statutory officer responsible for ensuring the integrity of land valuations in NSW.

Valuation NSW carry out functions on behalf of the Valuer General under formal delegations. Some valuation services may also be contracted out to private valuation firms. All valuation services are subject to a rigorous quality assurance process prior to issue to landholders.

1.2.1 GST implications

There are GST implications for property-related transactions in certain circumstances. For more information on how and when GST applies to a property transaction refer to the property section of the Australian Tax Office's website.

Recommended Approach

1.3 Scope

1.3.1 Treatment of GST

Land valuations provided on behalf of the Valuer General are based on the analysis of property sales.

Valuers must consider the full market price of properties which includes any GST which formed part of the purchase price.

1.3.2 Land value

The land value excludes any structures or improvements but includes land improvements, see section 6A of the Act.

1.4 Assumptions and considerations

1.4.1 Valuation assumptions

The treatment of GST is not dealt with specifically in the Act. In line with section 6A of the Act, you must value the land at its highest and best use, assuming that the valuation reflects a sale of the property at 1 July of the valuing year.

Where GST is paid in a property transaction, you must treat GST as part of the market price. This is consistent with a number of court decisions.

When analysing sales of property, GST paid by the purchaser is to be included as part of the sale price.

When you use the hypothetical development model to value land you must allow for GST as a cost where it applies to development costs.

References

Definitions

Term	Meaning
GST	<p>The GST is a broad-based tax of ten per cent on most goods, services and other items sold or consumed in Australia.</p> <p>The GST is a federal government tax levied in accordance with the A New Tax System (Goods and Services Tax) Act 1999 and the Tax Laws Amendment (2009 GST Administration Measures) Act 2010.</p>
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 lawful, physically possible and financially feasible.
Improvement	Something that improves the value of the land. This is not defined in the Act, and is different from the term 'land improvement' (below).
Land improvement	Land improvement, such as draining, excavating, filling or clearing, as defined in Section 4 of the Act and included in the land value.
Sale	<p>The transfer of property between parties. To use a sale as market evidence, it must have been:</p> <ul style="list-style-type: none">• an arm's length transaction• between a willing buyer and willing seller who both acted knowledgeably, prudently and without compulsion• properly marketed.

Relevant court cases

- CSR Ltd v Hornsby Shire Council (2004) 57 ATR 201
- Pebruk Nominees Pty Ltd v Woolworths (Victoria) Pty Ltd (2003) 54 ATR 156
- Tomago Aluminium Company Pty Ltd v Valuer General
- Storage Equities Pty Limited v Valuer General [2013] NSWLEC 137

Related documents and legislation

- [Valuation of Land Act 1916](#)
- [Valuation of englobo land guidance note](#)