

Valuer General


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Concessions for single residential or rural land zoned for higher use

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 assessment of concessions for land used as a single residence, or rural land, in a zone permitting a higher use.

This guidance note 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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1.2 Background

In NSW, the *Valuation of Land Act 1916* (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.

Recommended Approach

1.3 Scope

1.3.1 Rating and taxing concessions

Landholders may apply to their local council or Revenue NSW 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 relief from payment of part of their rates or taxes.

Under this guidance note, valuers must make a determination of attributable parts and un-utilised value allowances if the land is eligible for a concession.

1.4 Rating and taxing authorities

It is the responsibility of each rating and taxing authority to ensure 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).

The Local Government Act 1993, Section 586 requires applications to be referred to Valuer General.

The Land Tax Management Act 1956, Section 62K (1A) requires the Chief Commissioner to refer accepted applications to the Valuer General.

Requests made to the Valuer General by Local Councils or Revenue NSW are to be determined annually until a change in the circumstances prevents eligibility for example, the land is developed.

1.5 Eligibility for concessions

The criteria for eligibility closely align in both the Land Tax Management Act and the Local Government Act.

To be eligible for a concession, a parcel of land must meet one of the following criteria:

a.	A parcel of land on which there is a single dwelling house 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.
b.	A parcel of land (which may comprise one or more lots or portions in a current plan) on which there is a single dwelling house used or occupied as such, and which is zoned or otherwise designated under an EPI so as to permit its subdivision for residential purposes.
c.	A parcel of rural land (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.

1.6 Assumptions and considerations

If a council or Revenue NSW are satisfied that land is eligible for a concession it refers the application to the Valuer General including under which section the application has been accepted.

Following receipt of the application you must:

- determine the land value of the subject property under section 6A of the Valuation of Land Act 1916 (assuming the highest and best use of the land)
- determine the land value of the subject property as a single residential dwelling site or single rural parcel depending on which section the application has been accepted
- deduct the value of the land as if it could only be used as a single residential dwelling site or single rural parcel from the land value made under section 6A.

The difference between the two figures is the attributable part for an application from a council or, in the case of an application from Revenue NSW, the unutilised value allowance.

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 concession under section 585 (a) 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 land value of a single residential block of 4,000 m² and its land value as a unit site.

Example 2

An owner qualifies for a rating concession under section 585 (a) 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 fenced 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.

1.6.1 Rural land

Rural land is generally exempt from land tax if it is used for primary production (see section 10AA of the Land Tax Management Act).

If a landholder of rural land qualifies for a concession under section 62K of the Land Tax Management Act, you will need to determine the un-utilised value allowance in accordance with the assumptions and considerations detailed above.

Where an application has been accepted under section 585 (c) of the Local Government Act for a parcel of rural land you must decide whether to calculate the attributable part in accordance with section 587(2) or 587(3) of the Local Government Act.

Where an EPI permits the land to be subdivided into one or more lots of less than 40 hectares the attributable part is calculated by assuming the land could only be subdivided into lots having an area of 40 hectares or more (see section 587(3) of the Local Government Act).

Alternatively, where an EPI does not permit the subdivision of the land into lots having an area of 40 hectares or more but does permit the land to be used for another use, other than rural, and that use has a higher value, the attributable part must be calculated assuming that the land could only be used as rural land (see section 587(2) of the Local Government Act).

1.7 Objection rights

There are no rights of objection against a determination of the attributable part under section 585 of the Local Government Act. However, under section 598 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.

An objection may be made to an un-utilised value allowance under section 62K of the Land Tax Management Act.

References

Definitions

Term	Meaning
Attributable part	For the purpose of assessing rates, the land value of the land is to be reduced by the attributable part. The reduction is a concession for land that is valued for a higher use, than the current use. The attributable part is postponed only but will be written off after five years.
Environmental planning instrument (EPI)	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 lawful, physically possible and financially feasible.
Rural land	<p>Rural land means:</p> <ul style="list-style-type: none">• a parcel of rateable land which is valued as one assessment and exceeds 8,000 square metres in area and which is wholly or mainly used for the time being by the occupier for carrying on one or more of the businesses or industries of grazing, animal feedlots, dairying, pig-farming, poultry farming, viticulture, orcharding, beekeeping, horticulture, vegetable growing, the growing of crops of any kind or forestry, or• an area which is wholly or mainly used for aquaculture within the meaning of the Fisheries Management Act 1994.
Un-utilised value allowance	For the purpose of assessing land tax, the land value of the land is to be reduced by the un-utilised value allowance. The reduction is a concession for land that is valued for a higher use, than the current use.

Related documents and legislation

- [Valuation of Land Act 1916](#) – Section 6A
- [Local Government Act 1993](#) – Section 585 and Section 587
- [Land Tax Management Act 1956](#) - Section 62K