

NSW land tax: Three month amnesty window

On 14 October 2019 Revenue NSW announced a three month amnesty period for penalties in relation to a person's NSW land tax obligation.

Taxpayers who own land in NSW and believe that they may have incorrectly reported their land tax obligations will not be subject to penalties on top of any unpaid land tax when they make a voluntary disclosure.

When is the amnesty period?

The amnesty period will be for three months up until 31 January 2020.

What are the most common reporting errors?

Landowners should undertake a review of their historical land tax compliance and ensure that they are correctly reporting their tax obligations.

The common errors which we see in relation to land tax include:

- Principal place of residence exemption
- Residency status of land owner (whether that be an individual, company or trust)
- Aggregation of interests in land and not declaring the group structure
- Not advising revenue authorities of the change in land use

What are the benefits of making a voluntary disclosure during this period?

The penalties for late lodgement may be up to 90% of the original land tax liability which will be reduced to nil during the amnesty period.

The NSW government is investing \$7.1 million to improve information management and to hire additional compliance officers.

We anticipate that there will be a significant increase in compliance activities for NSW land owners after the Amnesty period ends.

This increased audit activity will impact all landholders in NSW and Australia more generally as other revenue offices continue to improve their investigatory abilities.

The fact that the NSW government expects to recoup up to \$100 million in unpaid land tax within the first year of this blitz demonstrates that the revenue office believes that taxpayers are incorrectly reporting.

How will other states be treated?

Land tax assessments in all states are based on a system of self-assessment. However, where a taxpayer makes a mistake, the penalty regime in other states is similar to NSW and can be quite punitive.

In our experience penalties are often reduced by state tax authorities where a taxpayer reviews their own land tax obligations and makes a voluntary disclosure.

How can we help?

ShineWing Australia can assist with the review of prior year land tax positions and eligibility for relevant exemptions.

Where an error has been made, ShineWing Australia can help clients with the drafting and submission of voluntary disclosures to the relevant state revenue offices to minimise the imposition of any penalty taxes.

If you think that there may have been an error in your previous land tax assessments please contact us as soon as possible in order to receive the benefits of the NSW land tax amnesty.



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