

LAND TAX AMENDMENT BILL 2015

Introduction and First Reading

Bill introduced, on motion by **Mr W.R. Marmion (Minister for Finance)**, and read a first time.

Explanatory memorandum presented by the minister.

Second Reading

MR W.R. MARMION (Nedlands — Minister for Finance) [12.24 pm]: I move —

That the bill be now read a second time.

This bill seeks to amend the Land Tax Act 2002 to introduce a new land tax scale from the 2015–16 land tax assessment year. The new scale is part of a package of revenue and savings measures announced in the 2015–16 state budget in response to the challenging economic and fiscal conditions that the state is currently facing. The new land tax scale will introduce a minimum flat tax rate of \$300 for properties with an unimproved value of between \$300 000 and \$420 000. It will also increase land tax rates with the exception of the top rate, and adjust some thresholds at which the rates change. The current exemption threshold of \$300 000 will remain unchanged. Under the current scale, the top 1.5 per cent of taxpayers who own land with an unimproved value of \$5.5 million or more pay 74 per cent of total land tax revenue. Taxpayers with land with an unimproved value between \$300 000 and \$1 million comprise 81 per cent of all land taxpayers, but contribute only three per cent of land tax revenue. The revised scale seeks to more evenly distribute the land tax burden across all land taxpayers and be more consistent with land tax arrangements in other jurisdictions.

In this regard, under the new scale, the top 1.6 per cent of taxpayers who own land with an unimproved value of \$5 million or more will pay 66 per cent of total land tax revenue, while taxpayers with land with an unimproved value between \$300 000 and \$1 million will contribute 6.3 per cent of land tax revenue. Except for South Australia, all other states levy a minimum flat amount of land tax. The flat amount in other states averages \$365. Despite the changes to the land tax scale, Western Australia's land tax will remain competitive with that in the other states. For example, for a landholding with an unimproved value of \$1 million, land tax payable in Western Australia will be \$1 750, compared to \$2 975 in Victoria, \$4 500 in Queensland and \$11 588 in Tasmania.

Following the timely passage of these legislative amendments, the new land tax scale will be reflected in the 2015–16 assessment notices that the Commissioner of State Revenue commences issuing from around late September this year. This measure is estimated to raise \$184 million in 2015–16 and \$826 million over the four years to 2018–19.

I commend the bill to the house.

Debate adjourned, on motion by **Mr D.A. Templeman**.