

**LAND TAX ASSESSMENT AMENDMENT (RESIDENTIAL CONSTRUCTION EXEMPTIONS)
BILL 2023**

Introduction and First Reading

Bill introduced, on motion by **Dr J. Krishnan (Parliamentary Secretary)**, and read a first time.

Explanatory memorandum presented by the parliamentary secretary.

Second Reading

DR J. KRISHNAN (Riverton — Parliamentary Secretary) [12.07 pm]: I move —

That the bill be now read a second time.

The Land Tax Assessment Amendment (Residential Construction Exemptions) Bill 2023 seeks to amend the Land Tax Assessment Act 2002 to temporarily extend the land tax residential construction exemptions for owners who commenced construction between 1 July 2020 and 30 June 2023. Under the Land Tax Assessment Act, an owner can receive an exemption for up to two financial years for land on which they are building or refurbishing a home if they do not receive a residential exemption on another property they own. They must live in the house when it has been completed. A person receiving a residential exemption for their current home can also receive a separate exemption for up to two years for other land on which they are building or refurbishing a second residence. The owner must complete construction, move into the new home and sell the old home within two years. The residential construction market has faced several constraints in recent years with labour and material shortages limiting the industry's ability to respond to the demand for new housing. This has led to significant delays in construction. These delays may cause some home owners to be charged land tax because their new home was not finished within two years. To alleviate these issues, this bill will introduce two temporary land tax exemptions for owners who commenced construction or refurbishment of their residence between 1 July 2020 and 30 June 2023. These temporary exemptions will support home owners who are building or renovating their future home by ensuring that they are not charged land tax due to construction delays that are outside their control.

The first temporary exemption will be a three-year exemption for newly constructed or refurbished homes when the owner is not receiving a residential exemption for another property they own. This will provide owners with an additional year to complete construction or refurbishment, compared with the existing exemption. The temporary exemption can also be extended for a further year to four years in exceptional circumstances, such as delays caused by the builder going into liquidation.

The second temporary exemption will be a two-year exemption for a home that is being built or refurbished while the owner lives in their existing home. This will allow the owner to receive two land tax exemptions for two different properties they own. This is more generous than in other jurisdictions, which provide only one-year exemptions for two homes in these circumstances. The temporary exemption will not be revoked if construction or refurbishment is not completed within two financial years. This will ensure that owners will not be required to repay land tax if their construction work is delayed beyond two years. This exemption can also be extended for a further year to a total of three years in exceptional circumstances, including building material or labour shortages.

The Minister for Finance will use the pre-enactment provisions in the Taxation Administration Act 2003 to allow the temporary exemptions to be administered as soon as possible, before the legislation is passed. Home owners who have already paid land tax and are eligible for a temporary exemption will be eligible for a refund. Further details about the amendments are provided in the associated explanatory memorandum.

I commend the bill to the house.

Debate adjourned, on motion by **Ms M.J. Davies**.