

CLIENT ALERT

MAY 2020

2020 NSW LAND TAX COVID-19 RELIEF!

The NSW Government has introduced measures to provide relief to commercial and residential landowners, who provide a reduction in rent to a tenant who is experiencing financial distress as a result of COVID-19.

The 2020 land tax COVID-19 relief is intended to reduce a landowner's land tax payable for 2020, by up to 25%, for a taxable parcel of land where rent relief has been given to the tenant who occupies that land.

Landowners eligible for the reduction may also defer their land tax payments by up to three months.

A summary of the measures is outlined below.

1. Relief Available

Reduction in land tax payable

The relief measure allows a landholder a reduction in the land tax payable for the 2020 land tax year. The reduction will be the lesser of:

- the amount of rent reduction provided to a tenant for any period between 1 April 2020 and 30 September 2020, or
- 25% of the land tax attributable to the parcel of land leased to that tenant.

Three month deferral of outstanding land tax

Landowners that receive a reduction under this program are also able to have any outstanding land tax payments deferred for up to three months.

2. Eligibility Criteria

To be eligible:

- i) a landowner must be leasing a parcel of land to either:
 - a commercial tenant, who has an annual turnover of up to \$50 million, or
 - a residential tenant,
- ii) the tenant must be in financial distress as a result of COVID-19,
- iii) the landlord must reduce the rent of the affected tenant for any period between 1 April 2020 and 30 September 2020, and
- iv) for 2020, you have land tax attributable to the parcel of land leased to that tenant.

Financial distress

A tenant is considered to be in financial distress where:

- for commercial tenants – there is a reduction in turnover compared to a previous comparable period of 30 per cent (or more),
- for residential tenants – there is a reduction in household income of 25 per cent (or more).

The landlord is responsible for verifying that their tenant is in financial distress.

Rent reduction must be permanent

To be eligible, the rent reduction must not be required to be paid back at a later date. If a reduction in rent is provided but is required to be paid back at a later date, this is considered to be a deferral of rent and won't be considered as a reduction of rent under this program.

3. Application Process

2020 land tax COVID-19 relief is available via Service NSW. To complete an application, the landowner must have:

- i) MyServiceNSW Account
- ii) Land Tax Client ID
- iii) Land Tax Correspondence ID
- iv) Land details for parcel of land the relief is being applied for
- v) Supporting documentation to demonstrate eligibility.

Examples of supporting documents include, but are not limited to:

- To demonstrate that a rent reduction has been provided – copies of tenancy agreements, rental ledgers, a letter from the property manager, etc.
- To demonstrate that a tenant is in financial distress – the tenant's financial statements, a letter from their accountant or property manager, etc. (the tenant's permission to share their information with Revenue NSW must be obtained before providing this information to Revenue NSW)

The application can be accessed [here](#).