



Queensland Land Tax Relief

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Following suit from the Federal Government's newly introduced leasing principles, the Queensland Government has implemented its own principles which a commercial landowner must comply with if it wants to take advantage of the land tax relief.

The Queensland Government's principles are as follows:

1. negotiate in good faith with your tenant to seek a mutually agreeable resolution if their ability to pay is impacted by COVID-19;
2. not evict your tenant if they are in financial distress and unable to meet their commitments due to the impact of COVID-19;
3. not increase rent, except where rent is linked to turnover;
4. not penalise a tenant who stops trading or reduces opening hours;
5. not charge any interest on unpaid or deferred rent; and
6. not make a claim on a bank guarantee or security deposit for non-payment of rent.

These principles will be introduced into Queensland law in due course¹ and are similar to the national code of code of conduct which was introduced last week. Landowners are not required however to



comply with the national code of conduct in order to receive land tax relief.

Land tax relief measures introduced by the Queensland Government for both commercial and residential landowners provide:

- a land tax **rebate** reducing land tax liabilities by 25% for eligible properties for the 2019–20 assessment year;
- a **waiver** of the 2% land tax foreign surcharge for foreign entities for the 2019–20 assessment year;
- a 3-month **deferral** of land tax liabilities for the 2020–21 assessment year.²

It's understood this will be equal to \$400 million of relief for property owners.

No application is necessary for the foreign surcharge waiver or the 3-month deferral. The State Government will reassess land tax to apply the waiver and provide a refund where the assessment amount has already been paid.

However, an application for the land tax **rebate** will be required and can be applied for up to **30 June 2020**.

To be eligible for the **rebate**, at least one of the following circumstances needs to apply:

1. You are a landowner who leases all or part of a property to one or more tenants and **all** the following apply:
 - a. The ability of one or more tenants to pay their normal rent is affected by the COVID-19 pandemic;
 - b. You will provide rent relief to the affected tenant(s) of an amount at least commensurate with the land tax rebate; and
 - c. You will comply with the [leasing principles](#) even if the relevant lease is not regulated.

4. You are a landowner and **all** the following apply:

- a. All or part of your property is available for lease;
- b. Your ability to secure tenants has been affected by the COVID-19 pandemic;
- c. You require relief to meet your financial obligations; and
- d. You will comply with the [leasing principles](#) even if the relevant lease is not regulated.

If both circumstances above apply to you, you are expected to first apply the rebate to provide relief to your tenant(s), and any remaining rebate can then be applied to your own financial obligations.

The land tax rebate does not apply to all taxable landholdings, only each property which meets the above criteria. More information and how to apply can be found [here](#).

Just when we thought landlords might have a little win, it appears from the eligibility criteria for the land tax rebate that landlords will have to pass on any benefit received to tenants regardless of whether a tenant was ever paying land tax as part of its outgoings. We are interested to see how landlords with multiple types of leases will be expected to apportion land tax relief amongst their tenants, that is, gross lease (where outgoings are included in the rent) versus net lease (where outgoings are paid on top of rent).

Deputy Premier and Treasurer Jackie Trad said the land tax relief has been put in place to 'ensure commercial or residential property owners don't face undue hardship on their own'.³ In fact Chris Mountford of the Property Council of Australia has commented that as land tax is often the largest outgoing for commercial, retail and industrial landowners, this relief will give landlords



a greater capacity to support tenants, relieving tenants' cashflow pressures. Mr Mountford goes on to applaud the Queensland Government for its 'pragmatic and fair approach' to the prerequisites for land tax relief. Landlords, tenants and financiers are being encouraged to continue to work together to find suitable solutions, acknowledging that there is no 'one size fits all' approach.⁴

Other support for Queensland businesses may be found summarised [here](#). One important decision is that the Queensland government offers rent relief of 6 months in buildings it leases.

This is by no means over and undoubtedly more information will be made available as legislation is drafted and more updates are provided by the federal and state governments.

To discuss your situation or seek advice about your options, please contact one of our experienced property lawyers.

If you want to discuss any property matters, please contact:

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¹ Queensland Treasury, *Relief package for landlords and tenants – leasing principles* (9 April 2020) Queensland Government <<https://www.treasury.qld.gov.au/budget-and-financial-management/revenue-and-taxation/leasing-principles/>>.

² Queensland Government, *Coronavirus land tax relief* (14 April 2020) <<https://www.qld.gov.au/environment/land/tax/covid-19>>.

³ The Queensland Cabinet and Ministerial Directory, 'Palaszczuk Government moves to protect retail and commercial tenants' (Media Statement, 9 April 2020).

⁴ Property Council of Australia, *Qld Government and landlords step up together to support businesses hit by COVID-19* (9 April 2020) <https://www.proper-council.com.au/Web/Content/Media_Release/QLD/2020/Qld_Government_and_landlords_step_up_together_to_support_businesses_hit_by_Covid-19>.