

COVID-19: land tax relief for commercial and residential landlords in NSW

Source: [Revenue NSW](#)

Date: 27 August 2020

Abstract:

Commercial and residential landlords who provide rent reductions to tenants who are experiencing financial distress as a result of COVID-19 are entitled to a reduction of up to 25% of their 2020 land tax liability and to defer payment for up to 3 months.

What is the specific relief?

Land tax reduction: Eligible landlords can reduce their land tax liability for the 2020 land tax year (1 January 2020 – 31 December 2020) by the **lesser** of:

- the rent reduction amount provided to a tenant at any time between 1 April 2020 and 30 September 2020; and
- 25% of the land tax attributable to the parcel of land leased to that tenant.

3 month payment deferral: Eligible landlords can defer the payment of their land tax liability for the 2020 land tax year for up to 3 months.

How is the land tax attributable to a parcel of land calculated?

For an eligible landlord, it is the taxable value of the parcel of land divided by the aggregate taxable value of all of the landlord's parcels of land, multiplied by the landlord's 2020 land tax liability.

What are the eligibility criteria?

To be eligible, a landlord must:

- be leasing a parcel of land to a commercial tenant (who has an annual turnover of up to \$50 million) or a residential tenant who is in "financial distress as a result of COVID-19";
- provide the tenant with a rent reduction at any time between 1 April 2020 and 30 September 2020 (it cannot be a rent deferral); and
- be liable for land tax in the 2020 land tax year in respect of the parcel of land leased to the tenant.

What is considered financial distress as a result of COVID-19?

For commercial tenants, they must have experienced a reduction in turnover of 30% or more compared to a previous comparable period.

For residential tenants, they must have experienced a reduction in household income of 25% (or more).

Do landlords have to apply for the relief?

Yes, landlords must apply for the relief must via [Service NSW](#). Landlords will have to provide documents evidencing that they are providing a rent reduction (e.g. a copy the rent ledger) and that their tenants are in financial distress (e.g. a statement or correspondence from the tenant).

Applications close on 31 December 2020.

What if eligible landlords have already paid their 2020 land tax liability?

If an eligible landlord's application is approved and he/she has already paid his/her 2020 land tax liability, he/she will receive a refund for the relief amount.

Does the relief apply to surcharge land tax?

No, the relief does not apply to any surcharge land tax liability.

For more details on the relief scheme and on how to apply, see the [Revenue NSW website](#).