

Land tax

Overview

- 1 The land tax assessment covers state and territory (state) revenue from annual charges on the value of taxable land holdings, excluding principal places of residence.¹
- 2 The category excludes some state land-based taxes.
 - Stamp duty on the transfer of land ownership is assessed in the stamp duty on conveyances category.
 - Other state land-based taxes are assessed in the other expenses or other revenue categories. Specifically:²
 - property-based fire and emergency services levies are offset against spending on emergency services, which is assessed in the other expenses category
 - the remaining other land-based taxes are assessed equal per capita in the other revenue category.
- 3 The assessment recognises that a state's capacity to raise land tax revenue is influenced by the following.
 - Total value of taxable land holdings — states with an above average share of taxable land holdings will have greater revenue raising capacity.
 - The distribution of taxable land holdings across value ranges — states with a higher proportion of holdings in higher value ranges will have greater revenue raising capacity.

Actual state revenue

- 4 The first step in calculating assessed revenue is identifying actual state revenue.³ Land tax accounted for 8.1% of total own-source revenue in 2022–23 (Table 1).⁴

Table 1 Land tax revenue by state, 2022–23

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
Land tax (\$m)	5,961	5,367	1,732	779	575	155	184	0	14,754
Land tax (\$pc)	723	799	322	275	313	271	400	0	561
Proportion of total own-source revenue (%)	11.4	13.4	3.8	2.8	7.0	6.7	5.2	0.0	8.1

¹ States generally exempt principal places of residence and land used for primary production, general government and charitable purposes.

² Other land-based taxes comprise property-based fire and emergency services levies, Victoria's Growth Areas Infrastructure Contribution, metropolitan levies, parking space levies and the ACT's Safer Families levy. Property-based fire and emergency services levies are the largest of these revenues, with states raising \$2.0 billion from them in 2022–23.

³ Adjusted budget calculations use ABS Government Financial Statistics data to determine actual state revenue. For further details see the adjusted budget chapter of the *Commission's Assessment Methodology*.

⁴ Tables in this chapter, unless otherwise stated, use 2022–23 data.

Structure of assessment

5 Table 2 shows the drivers that influence each state’s revenue raising capacity.

Table 2 Structure of the land tax assessment

Component	Driver	Influence measured by driver
Land tax	Value of taxable land holdings	States with a greater total value of taxable land holdings have greater revenue raising capacity.
	Value distribution adjustment	States with proportionally more high-value taxable land holdings, which attract higher rates of tax, have greater revenue raising capacity.

Data

6 The data used in the assessment are outlined in Table 3.

Table 3 Data used in the land tax assessment

Source	Data	Updated
State revenue offices	Value of taxable land holdings by value range	Annually
	Revenue from land tax by value range	Annually
ABS	Total value of residential and commercial land	Annually
	Share of residential occupants that are renters	As the publication is made available (typically biannually)

Note: The adjusted budget data sources are outlined in the adjusted budget chapter of the *Commission’s Assessment Methodology*.

Assessment method

- 7 The land tax assessment measures a state’s capacity to raise land tax revenue using its proportion of the total value of taxable land holdings. The total value of taxable land holdings is disaggregated into 17 value ranges to capture the progressivity of states’ land tax rates.
- 8 State revenue offices provide annual data on the value of taxable land holdings and the revenue from land tax. States provide these data in 17 value ranges. The ranges are in \$100,000 increments up to \$1 million, \$0.5 million increments from \$1 million to \$3 million, then from \$3 million to \$5 million, \$5 million to \$10 million, and \$10 million plus.
- 9 The Commission rescales the land tax revenue in each range proportionately, such that each state’s land tax revenue equals its audited land tax revenue. The Commission applies the same rescaling ratio to the value of taxable land holdings

data. This reflects that if any revenue is missing from the state provided data, the corresponding land values are also assumed to be missing.

- 10 The Commission receives the value of taxable land holdings data from the 7 states that impose land tax. The Northern Territory does not impose land tax. The Commission estimates the Northern Territory's value of taxable land holdings using the Northern Territory's proportion of total residential and commercial land values in ABS National Accounts data.⁵ The estimate of the Northern Territory's total share of taxable land holdings is then apportioned across the value ranges to match the average share in each value range of the 3 smaller states, South Australia, Tasmania and the ACT.
- 11 A state's assessed revenue is the revenue it could raise if it applied the average effective rate of tax to its own value of taxable land holdings. To derive the average effective rate of tax, the national revenue is divided by the national value of taxable land holdings. This process is repeated using the average tax rate and value of taxable land holdings in each value range over \$300,000. Revenue from taxable land holdings below \$300,000 is assessed equal per capita. This reflects concerns over the ability of states to reliably separate taxable and non-taxable land at value ranges below their tax-free-thresholds.
- 12 The assessed revenues for each value range are summed together. The total is then scaled to match category revenue in the adjusted budget. Details on the adjusted budget calculations are in the adjusted budget chapter of the *Commission's Assessment Methodology*.
- 13 Total assessed revenue is discounted by 12.5%. The discount recognises the low level of uncertainty as to the accuracy of the adjustments made by states to improve the comparability of taxable land values data.

GST distribution in the 2025 Review

- 14 Table 4 shows the GST impact of the assessment in the 2025 Review.

Table 4 GST impact of the land tax assessment, 2025–26

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total effect
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Land tax	-2,945	-627	1,687	777	613	223	180	93	3,572
Total (\$m)	-2,945	-627	1,687	777	613	223	180	93	3,572
Total (\$pc)	-340	-87	294	254	322	386	372	360	128

Note: Magnitude and direction of GST impact can change from year to year.

⁵ Only a subset of residential land values are included, equal to the rental share of residential occupants in each state.