

LAND TAX – CHANGES TO FOREIGN INVESTMENT - FROM DECEMBER 2015 – JANUARY 2016 DUTY TO NOTIFY AND PAY

From the 1 January 2016 the Victorian Government and the State Revenue Office (SRO) is changing the way in which foreign residents who are absentee owners will be taxed 0.5 percent surcharge to taxable land on your 2016 land tax assessment pursuant to the *State Taxation Acts Amendment Act6 2015*.

Absentee Owners

An absentee owner is defined as any individual who:

1. Is **not** an Australian Citizen or Permanent Resident;
2. Does **not ordinarily reside** in Australia; and
3. Was **absent** from Australia:
 - a. On **31 December** of the year prior to the tax year, or
 - b. For more than **six months** in total in the calendar year prior to the tax year.

The SRO will take into account the following factors:

- Period of time when you have physically resided in Australia throughout the year;
- Intention and purpose of being in Australia;
- Family, business or employment ties to Australia;
- Location of assets;
- Social and living arrangements.

If you are physically absent from Australia, you will be considered absent for the purposes of land tax.

Example (from SRO Website):

Alice is a Malaysian citizen who does not hold an Australian permanent residence.

Up until 1 February 2015, Alice lived in a house she owns in South Melbourne. On 1 February, Alice moves back to Malaysia. Alice is not an Australian citizen or the holder of an Australian permanent residency visa, or a New Zealand citizen. She ceased living in Australia on 1 February 2015 and was not in Australia at 31 December 2015. Alice is an absentee owner and must notify us that she is an absentee owner before 15 January 2016.

Absentee Ownership Notification Portal from 1 January 2016

The SRO has created an online system to track and regulate the ownership status of foreign investors.

If you satisfy the criteria of an absentee owner as of 31 December 2015, you must notify the SRO before 15 January 2016 via the Absentee Owner Notification Portal. You will still have to pay the surcharge on your property.

If **you fail to notify** the SRO before the nominated date you may face penalties for non-compliance.

If you think you are an absentee owner, please contact our office on 03 8415 1988 or email lilyong@lilyong.com and we can assist with notification.

Notification of Changes to Absentee Status

You only need to notify the State Revenue Office once if your ownership status has not changed and if you no longer satisfy the criteria for a permanent or absentee owner you will need to notify the SRO every time your status changes.

Penalties include 25% to 75% of the amount of tax that should have been paid (at the Commissioner's discretion).