

## COVID-19: More SA Land Tax Relief

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The South Australian State Government recently announced further Land Tax relief measures for landlords dealing with the fallout from the Coronavirus crisis. You'd be forgiven for missing this one amongst the flurry of announcements coming from the Federal level, but there's some welcome assistance here for property owners relying on income from a tenant that is experiencing financial difficulty in the current climate.



For the 2019-20 financial year, landlords who pass on rent relief to struggling tenants may be eligible for a 25% reduction in the full amount of Land Tax due for the year. The measure applies to both commercial and residential tenancies.

The relief applies where:

- The property is leased to a residential tenant, or a commercial tenant with annual turnover of \$50 million or less;
- The tenant has been 'financially impacted' by the COVID-19 pandemic;
- The landlord reduces the rent by at least the amount of the Land Tax reduction (or more); and
- The Land Tax is directly related to the property that rent has been reduced for, i.e. you can't claim land tax relief for one property by reducing rent on another.

To be financially impacted, a commercial tenant must have experienced a 30% drop in turnover and be eligible for JobKeeper. It's a little vague right now as to what constitutes 'hardship' for residential tenants, but this will be clarified as a part of the application process - which of course means there will be a process to apply for the relief. Applications will close on 30th June 2020, but don't appear to have opened yet.

In addition to this direct monetary relief, property owners will be able to defer their third and fourth instalments of land tax for up to six months. These notices will be sent out as usual, but landlords can hold off paying the third instalment for up to six months from the due date, and can defer the fourth instalment for up to three months from the due date. As long as the instalments are paid within these extended timeframes, no penalty tax or interest will be applied. Significantly, property owners don't need to apply for this relief.

These measures are on top of the [previous relief announcement](#) that reduces the impact of new aggregation measures due to come in on 1st July for some property owners.

We've been [a little concerned](#) about how some landlords might manage the understandable demands of affected tenants during this crisis, whose needs have been addressed somewhat by rent relief delivered through the Commercial Tenancies Code of Conduct, and State based legislation. Whilst a 25% reduction in Land Tax, and deferral of the time to pay, may be relatively mild relief in the overall scheme of things, it's still an important recognition that many tenancies are not David and Goliath relationships between small business and large corporate property managers. There is no question rent relief is necessary, but

there hasn't been a lot of attention given to how some smaller property owners will be able to provide it, and stay afloat. This will go some way towards assisting them to do so.

Please [contact us](#) for further information or assistance.

**Our offices are open once again, and we're here to help. We're continuing to offer complimentary phone calls to support you and your business with these measures during this time.**

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