When the Assessment Arrives: Lessons from School Land Tax

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Agenda

1. Victoria and its budget
2. State taxes
3. A quick story
4. Land tax – why you shouldn’t be paying
5. Land tax – what to do if you get an assessment

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Victoria's budget position

- Debt headed towards $195b by late 2020s
- Interest payments $20-30m per day
- Interest payments will be circa 9% of State income
- Seeking to transition to a recurrent income base, rather than activity-based.
- Examples:
  - CPIT
  - VRLT
  - Payroll tax
  - Emergency services levy

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How did we get here?

“Council fights ‘greedy land tax grab’ over kinders, parks and gardens”

SMH / The Age
22 February 2026

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Land tax in Victoria

Imposed on the **unimproved** value of land.

Value of land	Land tax
$300k	$1,350
$1m	$4,650
$2m	$15,150
$3m	$31,650
$4m	$58,150
$5m	$84,650
$6m	$111,150
$7m	$137,650
$8m	$164,150

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Why does a school not pay land tax?

Exemption

- No specific exemption for education.
- Education is considered a 'charitable' use. Exemption is based on a 'charitable use'.
- Section 74, *Land Tax Act 2005*

  <u>If the Commissioner determines</u> that it is used and occupied by a <u>charitable institution</u> <u>exclusively</u> for <u>charitable purposes</u>.
- Not automatic - "the owner of the land must apply to the Commissioner"

Three paths to exemption

1. Property is occupied by a charity and <u>**currently**</u> used exclusively for charitable purposes.
2. Property is owned by a charity, is vacant, but is declared to be held for <u>**future**</u> charitable use (default is a 2-year limit).
3. Property is owned by a charitable institution, leased for <u>**outdoor**</u> sport, outdoor recreation, outdoor cultural or similar outdoor activities (available to the public).

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Common problems

We're a school (charity), therefore everything we do is 'charitable'

- There's a difference between existing for charitable purposes and using land for charitable purposes.

Only a couple of days per year

- Land tax exemption is based on proportion of land area not days in the year.

We're not charging commercial rates

- The law is not looking at fees or profit, but at activity and purpose.

Doing nothing with land (for now)

- You need a demonstrable plan for future use to put forward.

Third party hire

- Safe zone – charitable user for school purposes.
- Safe zone – charitable user for non-school purposes.
- Middle zone – non-charitable user for school purposes.
- Danger zone – non-charitable user for non-school purposes.

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Real life examples

Commercial tenancy within campus
- Bookshop
- Café
- Commercial childcare
- Gym

Selling land
- When use stops, so does the exemption

Buying land
- No exemption until you apply.
- Land banking is not an exempt use.

Hiring
- Conferences
- Weddings
- Corporate events
- Film or television

Change of use not reported
- Exempt use stops but nobody says anything.
- Exempt use begins but nobody says anything.

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What if we get assessed?

Don’t panic
They don’t have your money yet and you have options.

Don’t wait – talk to someone
Land tax objections come with some strict time frames and you might need time.

Do the math
You might hate tax, but a commercial arrangement might still be worthwhile.

Some ways to be proactive

Educate your ‘gatekeeper’.

Make records and keep them.

Compare your land tax assessment against current use.

If you buy land, apply for land tax exemption.

Be wary of ‘unused’ land.

If in doubt, consider a ruling.

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Questions?

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