



Media Release – Profile Magazine

Land Valuation Act 2010

with Paul McHugh

The Queensland parliament has passed new legislation which will have a significant affect on the way land is valued for the purposes of calculating rates and land tax.

The *Land Valuation Act 2010* (LVA) came into force on the 20 September 2010.

The LVA replaces the *Valuation of Land Act 1944* making substantial changes to the way valuations are made for a number of purposes, including land tax and rates. The changes stem from almost a decade of controversy in Queensland surrounding the valuation of land, ending in a decision by the Queensland Court of Appeal ruling that the methodology used by the Government in valuing land was incorrect.

The changes include introducing a “site valuation” methodology to replace the existing method of “unimproved value” for non-rural land.

This will take effect from 30 June 2011 and will not affect 2010 land tax assessments.

Generally, site value is the market value of the land in its present state, including invisible improvements such as filling, rehabilitation, clearing, drainage and other works necessary to prepare it for development, but excluding structural improvements such as houses, sheds and buildings.

The site value methodology requires that a parcel be valued according to its highest practical use. However, the LVA requires that any permitted uses of the land, any heritage listings, the local and regional environmental plan, and current zoning and planning restrictions must also be taken into account when determining the property's value.

With a view to ending the more controversial aspects of valuations conducted in recent history, site value and unimproved value for rural land will not include the value of any leases or intangible improvements relating to the land.

Under the LVA, you will be eligible to claim an offset if the difference between the site value and the previous unimproved value is greater than \$1 million. In the 2011 year, the offset will be the difference between the site value and the unimproved value (less \$1 million) multiplied by 12/13. The multiplier reduces by 1/13th for each of the following 12 years.

A deduction can also be claimed for “Site Improvements” which were made on the land and which were funded by the owner within the previous 12 years. A deduction can also be claimed for site improvements made before the commencement of the LVA unless an offset has already been applied. If you wish to use the site improvement deduction instead of an offset, you must do so within the objection period of 60 days after the 2011 valuation is issued.

If you wish to object to a valuation, you must do so within 60 days of the day the valuation is issued.

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