

## **QUEENSLAND LAND TAX DEADLINE LOOMS**

Clients are reminded that the effect of section 20 of the Land Tax Act 2010 (Qld) is to aggregate all holdings of land in Queensland held by a trust.

Where a company or person acts as a trustee for more than 1 trust, and the interests of the beneficiaries of 2 or more trusts are the same, the result is that all of the property held by the common trustee will be aggregated and an assessment of land tax will be issued which is calculated on the aggregated value of all of the relevant land.

Whether land tax is payable by a property owner depends on the unimproved value of its combined land holdings calculated with effect from midnight on 30 June in each year. Land tax is assessed based on a sliding scale of values – the greater the value the greater the land tax liability. Therefore, aggregating those values across several trusts may result in a much higher liability.

If you or your clients hold real property in different trusts with a common trustee, you should immediately have the relevant trust deeds reviewed to determine the impact of the Act.

The alternatives available are to:

1. Amend the trust deed to change the beneficiaries to ensure they do not have the same interests – this approach leads to significant difficulties since most discretionary trusts have very wide classes of beneficiaries and amending them to ensure no interests are the same is virtually impossible. In addition, changing the beneficiaries often raises significant resettlement issues; or
2. Appoint new and different trustees to each of the trusts affected by this section.

You should keep in mind that, whatever action trustees may take, this needs to be addressed before 30 June.

If you have any queries or would like to act on the above recommendations, please call toll-free on 1800-773-477.