[ON SCHOOL LETTERHEAD]

[Date]

Mr Tim Pallas MP  
Treasurer  
Level 4  
1 Treasury Place   
East Melbourne VIC 3002

via email: [tim.pallas@parliament.vic.gov.au](mailto:tim.pallas@parliament.vic.gov.au), [information@dtf.vic.gov.au](mailto:information@dtf.vic.gov.au)

Dear Mr Pallas,

**Request for amendment to *Land Tax Act 2005***

It has been brought to our attention that under the current provisions of the *Land Tax Act 2005*, for charitable institutions to be exempt from the land tax, they must exclusively use their property for charitable purposes. This is outlined section 74 of the Act (emphasis added):

* Section 74 (1) (a) *‘it is used and occupied by a charitable institution* ***exclusively*** *for charitable purposes’* and
* Section 74 (1) (b) (iii) *‘declared by its owner to be held for future use and occupation by a charitable institution* ***exclusively*** *for charitable purposes’*

This strict requirement for exclusive use sits in stark contrast with the far more sensible approach taken in the Act to land owned by non-profit sporting, recreational or cultural landowners. Under section 72 of the Act these entities are exempted from land tax being levied on land used ‘**primarily or substantially**’ for the relevant non-profit purposes. This distinction affords an opportunity to a non-profit sporting club to occasionally hire out its facilities to other users. An organisation that is recognised as a charity, such as a school, is given no such opportunity – it may only protect its land tax exemption by using its property exclusively for charitable purposes.

The effect of this drafting in the Act is reinforced by the Revenue Ruling *LTA-009 Land tax - charity exemption* released earlier this year.

This approach places charities and the communities they support at a significant disadvantage and **disproportionally penalises charities** in their efforts to steward their property for the benefit of the community.

For example, under the current wording of the Land Tax Act:

* If a charity hires its facility to a community choir that is not registered as a charity, a single hire of $15.50 could result in the Victorian State Revenue Office charging the charity land tax of $925.00 on that space for the entire year.
* Similar impacts could be felt by religious organisations hiring their facility to a funeral director for a person who is not a part of that local religious group.
* Many start-ups or social enterprises look to charities for the use of areas which may be available from time to time at a low cost.
* Grey areas also include hiring facilities for community forums, art classes, community dance groups, low-cost fitness or private tutoring and education classes etc. Unless the hirer is a registered charity, the hire could trigger the State Revenue Office charging the charity land tax due to the charity’s support of the community.

We do note that some other states provide a blanket exemption for land held by charities, but that is not sought in Victoria. All that is being requested is an amendment to bring the treatment of charities in line with other non-profit bodies. This amendment would simply **replace the word ‘exclusively’ in section 74 with ‘primarily or substantially’ as used in section 72**.

As there are limited sitting weeks for Parliament before the State Election in November, we are **seeking your support for this simple amendment as a matter of urgency**.

We look forward to your response outlining the action the Government will take to address these concerns.

Yours faithfully

[Name]

Principal

cc: The Hon David Davis, Shadow Treasurer, [david.davis@parliament.vic.gov.au](mailto:david.davis@parliament.vic.gov.au)