



# Fact sheet

## Vacant Residential Property Tax

### About the initiative

Property owners that keep their property vacant effectively withdraw supply of occupiable properties from the market, thereby increasing pressure on prices and rents.

The Vacant Residential Property Tax is intended to encourage these owners to make their property available for purchase or rent, allowing Melbourne's current housing stock to be used efficiently. The tax will apply to the inner and middle areas of Melbourne, where the issue of housing affordability is most pressing.

There will be a number of practical exemptions applied, recognising there are some legitimate reasons for a property being left vacant.

The framework for the tax will be subject to consultations with property groups and the community.

### When does the Vacant Residential Property Tax start?

The Vacant Residential Property Tax will apply from 1 January 2018. The transition arrangements for 2017 will be subject to consultation.

### How will vacancy be reported?

The tax will be incorporated into the land tax legislative framework. Consistent with this framework, liability for the vacant residential property tax is self-reporting. That is, property owners are expected to inform the State Revenue Office when their property triggers the tax. The State Revenue Office will also undertake monitoring and compliance activities.

### How is the Vacant Residential Property Tax calculated?

The Vacant Residential Property Tax will be a 1 per cent tax on the capital improved value of the taxable property.

The capital improved value of a property is the value of land and buildings as determined every second year as part of the council valuation process. The capital improved value of your property is displayed on your council rates notice.

For example, if the taxable property has a capital improved value of \$500,000, the applicable tax will be \$5,000.



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## Who will have to pay the Vacant Residential Property Tax?

The Vacant Residential Property Tax will only apply to the owner of a property that is unoccupied for more than six months within a calendar year.

The details of the tax are still subject to consultations with stakeholders.

## Are there any exemptions?

There will be a number of practical exemptions applied, recognising there are some legitimate reasons for a property being left vacant.

These include properties used as holiday homes by those with a separate principal place of residence, those who need a city unit for work purposes, deceased estates, and homes owned by Victorians who are temporarily overseas.

The list of exemptions will be finalised in consultation with industry and property groups.

## Does the Vacant Residential Property Tax apply to all properties in Victoria?

The Vacant Residential Property Tax will only apply to vacant properties located in the inner and middle suburbs of Melbourne. Any vacant properties outside this area will not be subject to the tax. The local council areas where the tax is applicable is listed in Table 1, below.

**Table 1: Local council areas where the Vacant Residential Property Tax will be applicable**

Banyule
Bayside
Boroondara
Darebin
Glen Eira
Hobsons Bay
Manningham
Maribyrnong
Melbourne
Monash
Moonee Valley
Moreland
Port Phillip
Stonnington
Whitehorse
Yarra



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## How can I find out more?

There will be a period of consultation with industry bodies over the coming weeks to ensure the final design of the Vacant Residential Property Tax is appropriately targeted. Once the consultation process is complete, more detailed information about the tax will be announced.