



The Hon. Cameron Dick MP
Deputy Premier
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Mr Neil Laurie
The Clerk of the Parliament
Queensland Parliamentary Services
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BRISBANE QLD 4000

Email: clerksoffice@parliament.qld.gov.au

Dear Mr Laurie

Neil,

I refer to petition 4044-24 received by the Queensland Legislative Assembly on 10 September 2024 about raising land tax exemption thresholds.

On 1 July 2024, the Queensland Government announced that Queensland Treasury will undertake a post-election review of state taxes and charges impacting the property industry. The review will look at potential reforms to state-based taxes and charges, which will include land tax, and their impact on housing supply, state revenues and ongoing fiscal sustainability. The outcomes of this review will be considered by the government as part of the 2025–26 Queensland Budget.

However, it is important to note that the thresholds at which land tax becomes payable in Queensland are among the most competitive in Australia. For individuals, the land tax-free threshold of \$600,000 is one of the highest in the country. In comparison, from 1 January 2024, Victoria has reduced its general land tax threshold to just \$50,000. As a consequence, Queensland's individual threshold is 12 times higher than Victoria's.

Queensland has a competitive land tax framework, with principal places of residence being exempt, and a rate structure that ensures that smaller landholders are subject to lower marginal rates of tax.

Further, in applying the threshold, the value of each parcel of land is split between each individual owner by their proportional share. This means joint owners (e.g. a couple who own a property together) each have to exceed the relevant threshold before being liable for land tax.

In addition, land tax in Queensland is subject to a system of three-year averaging of the land value, which helps further smooth the impacts of increasing land values on the tax payable by landholders.

Despite the recent nation-wide increases in land values, the current threshold and exemptions in Queensland ensure that most landowners will not have a land tax liability, and those with small investment property holdings generally have only a minimal land tax liability.

Land taxes are generally considered one of the most efficient forms of tax available to states and all states and territories, except the Northern Territory, levy land tax.

The imposition of land tax in part recognises the benefit landowners receive from increases in land values due to the government's provision of services or infrastructure.

Land tax forms an important part of the Queensland Government's general revenue base that is used to provide government services and infrastructure. Revenue raised by land tax is used to provide critical health, education, law and order, transport, housing and other services for all Queenslanders across all regions of the state.

More broadly, the Queensland Government is committed to maintaining a competitive tax regime. Based on the latest available actual tax revenue data for states and territories at the time of the 2024–25 Budget, Queensland's taxation per capita in 2022–2023 was \$780 less than the average of other jurisdictions, highlighting the ongoing competitiveness of Queensland's taxation regime. On average, Queenslanders paid \$1,052 less tax than NSW residents and \$1,061 less than Victorian residents in 2022–23.

I thank the petitioners for taking their time to raise their concerns.

Yours sincerely



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