



I write to ask for your urgent support in petitioning the Victorian Parliament to amend the Land Tax Act 2005.

It has come to my attention that many charities are not aware of the implications of the Victorian Land Tax Act 2005. Where the State Revenue Office has granted a land tax exemption to a charity, the legislation requires that the charity uses the property exclusively for its charitable purposes. If the charity hires/leases any part of the property to a non-charity, the State Revenue Office can charge the charity land tax for an entire year on the area of the property they used for non-exclusive purposes.

An example is when the charity hires a hall space representing 25% of the area of the charity's total property holding for a choir performance or other event on a single occasion. If the choir is not a registered charity, the hire could trigger a land tax assessment equivalent to 25% of the land tax assessable on the whole property. If a State Revenue Office audit discovers the hire has occurred over the past 5 (five) years, the charity can be assessed for land tax for each of those years and would be required to pay the tax plus any accrued interest.

In working with Moores Solicitors, we have become concerned that charities with land tax exemption status could be considering hiring their property without knowing the implications. The granting of the land tax exemption for the property is subject to the property being used exclusively for the charity's purposes. You can read more about it in: <https://www.sro.vic.gov.au/legislation/land-tax-charity-exemption> and Moores article at <https://www.moores.com.au/news/land-tax-rules-for-charities-are-missing-the-mark/>

Other organisations such as non-profit sporting, recreational or cultural landowners are allowed a more favourable position of 'primarily' rather than 'exclusively'. This means they can hire out their property to other individuals or groups, and as long as the property is used primarily for the non-profit's purposes, they remain land tax-exempt for the whole property all year. I believe this is appropriate.

I hope you agree that penalising charities that seek to use their property wisely and support their community is unfair. Consider the benefit to our community when a charity releases an underutilised space for a social enterprise, a business start-up, a community choir, a dance group or an exercise class. Often these hiring groups are not registered charities, and under current legislation, hires like these would expose the charity to a land tax assessment. It doesn't make sense.

I believe we have an opportunity to petition the Victorian Parliament to amend the Land Tax Act 2005 before the state election on 26 November 2022. But we need to move quickly!

There is only one planned sitting of the Victorian Parliament between now and the state election. The next sitting runs from 2 August 2022 to 15 September 2022. This is when we want parliament to change the Land Tax Act.

I ask that you support the need to amend the act by writing to state parliament representatives and the state treasurer, The Hon Tim Pallas MP, during 11-29 July 2022. I also encourage you to ask your networks and supporters to do the same. Our best chance to amend the act is for charities and our supporters to write and call our MPs from 11-29 July 2022. Then when they return to sit in parliament, they will hear stories from other MPs about this petition to amend the act and the groundswell of support behind it.

If we do not get sufficient support to write letters and make calls during 11-29 July 2022, I fear we will not have another opportunity for four more years. We will be stuck with the legislation as it currently stands, resulting in charities withdrawing their low-cost rent from community groups and individuals. Many of these groups will not afford commercial rent, resulting in a need to close or cease activity. With your support, we can change this future!

I have taken the liberty to prepare two templates. The first is to a local MP, and the second is to The Hon Tim Pallas MP. I have taken the liberty to draw from the Australian Charities register all the charities registered in Victoria (in the Excel Spreadsheet) and have calculated the number of charities in The Hon Tim Pallas MP's electorate. If you would like to do the same for your local MP, then the way to do this is detailed later. You can write your letter in your own words or personalise the template provided. Just remember, we want the reader to be on our side and support the change.

Local MP Letter Template: <https://nccc.org.au/wp-content/uploads/2022/06/Letter-to-State-Member-Template-V2.docx>

The Hon Tim Pallas MP Letter Template: <https://nccc.org.au/wp-content/uploads/2022/06/Letter-to-State-Treasurer-Template-V2.docx>

All we are asking of the Victorian Parliament is to change one word in Section 74 (1) (a) and (1) (b), from 'exclusively' to 'predominately'. This will keep charities in line with non-profits.

We need charities like yours, regardless of whether you own property or have a land tax exemption, to rally together to see change happen. But it needs to happen now at a parliamentary level. The window is narrow, but with your help, I believe we can make a difference for the 13,500 charities registered in Victoria. Can I count on you to help us make charities stronger and to support our communities for a better future? Every letter and every phone call will matter. Every person or organisation you encourage to get behind this will make a difference.

Please contact me on 9484 4788 if you have any questions. Don't forget to download the instructions on how you can strategically personalise the charity numbers:

Excel Spreadsheet Guide <https://nccc.org.au/wp-content/uploads/2022/06/Land-Tax-Charity-Excel-Spreadsheet-Instructions.pdf>

Excel Spreadsheet <https://nccc.org.au/wp-content/uploads/2022/06/ACNC-Register-of-Australian-Charities-20220606-Postcode.xlsx>

Yours sincerely



David Toscano