



Treasurer of Victoria

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Mr David Toscano
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Dear Mr Toscano

LAND TAX EXEMPTION FOR CHARITABLE INSTITUTIONS

Thank you for your correspondence of 4 July 2022 regarding the exemption provided to charitable institutions under Section 74 of the *Land Tax Act 2005*.

In the Act, the term '*exclusively*' has a particular meaning, and land can satisfy the exemption requirement of being used by a charitable institution *exclusively* for a charitable purpose even where other activities take place, as long as they are merely incidental to the institution's charitable purpose. This could include, for example, a church hall being hired out to a community group or for a fitness class. This is a long-standing policy.

Nonetheless, the Government is committed to ensuring clarity around the application of section 74. I have asked my department and the State Revenue Office (SRO) to undertake a review in light of your concerns. If you would like to submit additional material to be considered as part of the review, please email it to Ms Kate Sheehan, Director of Tax Policy and Projects in the Department of Treasury and Finance (kate.sheehan@dtf.vic.gov.au).

It is worth noting that section 72 (relating to non-profit sporting clubs) operates differently to section 74 (relating to charities) in several respects, and simply replacing the word '*exclusively*' in section 74 with the word '*primarily*' would not imply like treatment of charities and non-profit sporting clubs.

Guidance as to the application of the section 74 charity exemption is available on the SRO's website: <https://www.sro.vic.gov.au/legislation/land-tax-charity-exemption>. If you would like further information regarding your eligibility for the exemption, I encourage you to contact the SRO's Technical Advice and Review Branch on 03 9628 0600.

Thank you for bringing these concerns to my attention.

Yours sincerely

TIM PALLAS MP
Treasurer

22/8/2022

