

# Media Release

**Mr Tim Pallas MP**

Treasurer

Minister for Economic Development

Minister for Industrial Relations



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## WINDFALL GAINS TAX TO BENEFIT THE VICTORIAN COMMUNITY

The Victorian Government is ensuring significant value increases from government rezoning decisions are shared with the community.

The windfall gains tax will be introduced into Parliament this week and will return a share of the profits from rezonings to the community for vital infrastructure such as public transport and schools.

When governments make planning decisions to rezone land, property values can rise sharply overnight. It's important that these profits are shared with Victorian communities and are used to fund the services and infrastructure these communities need.

The new windfall gains tax was announced as part of the *Victorian Budget 2021/22* and following stakeholder engagement with a range of industry bodies, the Government is announcing some changes to the policy.

As previously announced, the total value uplift from a rezoning decision will be taxed at 50 per cent for windfalls above \$500,000, with the tax phasing in from \$100,000 – ensuring most land holders of rezoned land won't be affected.

Residential land which includes a home - including holiday homes and investment properties – will be exempted from the tax. It will not apply to any other increases in value, such as appreciation in property value over time.

Primary production land that contains a home will also be exempted up to two hectares. Rezoning to most rural zones, or to a Public Land Zone, will be exempted. Landowners with a windfall gains tax liability will be able to defer payment until the next dutiable transaction of the land or after 30 years, whichever occurs first.

Exemptions will also be provided for charities if the land continues to be used for charitable purposes for the next fifteen years after a rezoning, and to rezonings to and from the Urban Growth Zone within existing Growth and Infrastructure Contribution areas which are subject to GAIC will not be taxed.

New transitional arrangements will push back the commencement of the tax by a year, to 1 July 2023, and will provide an exemption to proponent-led rezonings that were well in train by 15 May 2021.

The windfall gains tax will be calculated based on valuations undertaken by the Valuer-General on the pre-rezoning and post-rezoning capital-improved values of land, with the difference between the two representing the value uplift. It will apply to other increases in value due to improvements to the property, or appreciation over time.

### Quotes attributable to Treasurer Tim Pallas

*"We want to ensure Victoria has a fairer tax system, with revenue from the windfall gains tax going back into Victorian schools, hospitals and public transport."*

*"We've consulted with industry and made the changes that are appropriate and fair, and will ensure the community benefits, as well as land owners."*

### Quote attributable to Minister for Planning Richard Wynne

*"It's only fair that those making large windfall profits return a reasonable proportion to the community, so that we can provide the infrastructure needed to help invest in important community facilities."*

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