



# Land Tax

## Primary Production

### Land Exemptions

Land tax is an annual tax on the total land value of all taxable land owned in NSW as at midnight 31 December of the previous year.

There are a number of land tax exemptions, including an exemption for land used primarily for primary production purposes.

#### What is this exemption?

This exemption applies to land used mainly for primary production purposes. The exemption applies even if you do not use or occupy the land but lease it to someone else who uses it for primary production purposes.

The exemption only applies if the land is used for primary production for the purpose of selling the produce of primary production.

- If the land is zoned rural or non-urban, you can claim the exemption if the dominant use of the land is for primary production, which means:
  - ▶ maintaining animals for the purpose of selling them, their natural increase or their bodily produce
  - ▶ cultivating crops for the purpose of selling the produce
  - ▶ keeping bees for the purpose of selling the honey
  - ▶ growing flowers, orchids or mushrooms for the purpose of sale
  - ▶ commercial fishing and commercial farming of fish and other seafood
  - ▶ commercial wholesale plant nursery, but not including a nursery where the principal cultivation is maintaining plants pending their sale to the public.
- If the land is zoned other than rural or non-urban, the land must be used in the business of primary production and you must show:
  - ▶ a significant commercial purpose or character based on primary production activities
  - ▶ the size or scale of the activities is large enough to be considered a business, not just a hobby
  - ▶ the activities are carried on with the intention of making a profit, regardless of whether or not a profit is made.

**Note:** although the relevant period used for determining whether or not land is used for primary production is the taxing date, the use of the land in the period leading up to the taxing date and the intention for future use is also considered if there is any uncertainty as to the use at the taxing date, especially if land is currently fallow in the normal cycle of land management or if drought conditions exist. Details should be provided to enable consideration of your claim.

## MORE INFORMATION



[www.osr.nsw.gov.au](http://www.osr.nsw.gov.au)



1300 139 816\*



1300 363 806



GPO Box 4269  
Sydney NSW 2001  
DX 456 Sydney



Phone enquiries  
8.30 am – 5.00 pm, Mon. to Fri.

\*Interstate clients please call (02) 9689 6200.  
Help in community languages is available.

Office of State Revenue: ISO 9001 – Quality Certified  
**Department of Finance & Services**

© State of New South Wales through the  
Office of State Revenue, 2011. This work  
may be freely reproduced and distributed for  
most purposes, however some restrictions apply.  
Read the copyright notice at [www.osr.nsw.gov.au](http://www.osr.nsw.gov.au)  
or contact OSR.

## What should you do?

Landowners should apply for the exemption by completing the Primary Production Land application form available from the OSR website [www.osr.nsw.gov.au](http://www.osr.nsw.gov.au) and returning the form to OSR. Once we receive your completed application, we will review your case to see if a primary production exemption applies. We will then contact you to inform you if your claim for exemption has been granted or if you have a land tax liability.

If you disagree with the decision made on your exemption claim, you have a right to object to the decision.

## Interest and penalties

Lodging your registration form after the due date or not lodging a form at all is considered a tax default and interest may be charged.

Under the *Taxation Administration Act 1996*, we may impose penalties for providing misleading and/or false information, or for deliberately avoiding our requests for information.

## False claims

There are substantial penalties for knowingly making false or misleading statements in connection with an application for exemption. OSR conducts investigations and compliance checks to ensure that exemptions are only granted to those clients who are entitled to receive them.

OSR is able to obtain information from the ATO – under reciprocal power arrangements, information may be disclosed by the ATO for the purposes of land tax administration.