



Exemption for Land Owned by a Religious Body or an Educational Institution

This Commissioner's practice addresses the circumstances when an exemption from land tax will be granted and retrospective taxation will be applied on land owned by religious bodies or educational institutions.

Background

Section 32 of the *Land Tax Assessment Act 2002* (LTA Act) provides land is exempt for an assessment year if:

- at midnight on 30 June in the previous financial year it is owned by, vested in, or held in trust for a religious body and
- it is in good faith reserved¹ or used as a site for religious purposes, including a site for a church or a chapel, for public worship, for educational purposes or for the residence of a minister of the religious body.

Section 33 of the LTA Act provides land is exempt for an assessment year if:

- at midnight on 30 June in the previous financial year, it is owned by, vested in, or held in trust for an educational institution identified in section 33(4) of the LTA Act and
- it is in good faith used or reserved² as a site for the purpose of providing facilities necessary for, or conducive to, the attainment of the objects of the institution and the performance of its functions.

Where reserved land is sold or used for any other purpose, the non-exempt land may be subject to retrospective taxation for up to five financial years from and including the assessment year in which the sale or use occurred.³

The amount of land tax payable for each of the five assessment years is calculated and assessed at the rate applicable for each year.⁴

Commissioner's Practice

1. An application for exemption and reassessment must be made on form FLT32 '[Exemption Application: Land Owned by a Religious Body](#)' or form FLT33 '[Exemption Application: Land Owned by an Educational Institution](#)' and should include:
 - 1.1 a copy of the organisation's constitution, incorporation or enabling documents and
 - 1.2 details of the usage of the land.

¹ *Reserved land* is land that is exempt because it is or was reserved as a site for the purpose of providing facilities necessary for or conducive to the attainment of the objects of the religious or educational institution.

² *Reserved land* is land that is exempt because it is or was reserved as a site for the purpose of providing facilities necessary for or conducive to the attainment of the objects of the religious or educational institution.

³ LTA Act sections 32(2) and 33(2).

⁴ LTA Act sections 32(3) and 33(3).

2. The Commissioner may exercise discretion under section 20(1)(h) or (i) of the LTA Act to not issue an assessment where, within the same assessment year, a religious body or educational institution:
 - 2.1 sells land that has been reserved for a religious or educational purpose and is exempt from land tax and
 - 2.2 acquires other land within the same locality and
 - 2.3 uses or reserves the newly acquired land for the original religious or educational purpose.
3. The Commissioner may inspect properties and/or seek documentary evidence in order to be satisfied that an exemption from land tax is applicable.
4. In certain circumstances, the Commissioner will exercise discretion to exempt land that was owned by a religious or educational institution that would otherwise be subject to assessment. See [Commissioner's Practice LT 21 'Commissioner's Discretion'](#) for further information.

Date of Effect

This Commissioner's practice takes effect from 20 December 2019.

Nicki Godecke
 COMMISSIONER OF STATE REVENUE

20 December 2019

Commissioner's Practice History

Commissioner's Practice	Issued	Dates of effect	
		From	To
LT 10.0	29 October 2003	29 October 2003	25 May 2017
LT 11.0	29 October 2003	29 October 2003	25 May 2017
LT 20.1	26 May 2017	26 May 2017	19 December 2019
LT 20.2	20 December 2019	20 December 2019	Current