



## PRACTICAL GUIDE

# Victorian Land Tax, Buyer's Guide

What land tax costs, when it kicks in, vacant residential land tax, absentee surcharge, and how it changes investment maths.

## How it's calculated in VIC

- Annual tax on site value of all land you own as at 31 December.
- Principal place of residence exempt (one only per household).
- Threshold: tax starts at \$50,000 site value (lowered from \$300k in 2024 reforms).
- Rate scale: progressive from 0.2% to 2.65% (general).

## 2024 reforms changed the math

- Threshold dropped from \$300k to \$50k for landholdings.
- Fixed surcharge: \$500 on \$50k to \$100k, \$975 on \$100k+.
- Materially higher annual cost for portfolio investors.
- Marginal cost on a \$1M investment property now \$5k to \$10k/year.

## Surcharges to know

- Absentee owner surcharge: 4% on top of standard land tax.
- Vacant Residential Land Tax: applies to homes vacant 6+ months in inner Melbourne.
- Foreign owner surcharge separate to absentee.

## Strategic implications

- Hold via separate entities to manage threshold cliffs.
- Trusts and companies get different threshold treatment.
- Annual cost reduces effective yield; factor into cashflow at purchase.

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