



# VALUER GENERAL'S Guide to RATING AND TAXING VALUES

Revised November 2020

## INTRODUCTION

This brochure describes the Valuer-General's role in providing valuations used by rating and taxing authorities.

The following information is not intended to alter the meaning, intent or application of the *Valuation of Land Act 1978* (the VLA), or the sections and definitions contained therein. In the case of any inconsistency the provisions of the VLA and Regulations prevail.

## ABOUT PROPERTY & VALUATIONS

In accordance with the provisions of VLA the Valuer-General (VG) is required to maintain valuation rolls of rateable and taxable land throughout Western Australia. These rolls are periodically provided to rating and taxing authorities.

On behalf of the VG, Valuation Services, Landgate (the Western Australian Land Information Authority), conducts general valuations (revaluations) and makes interim valuations as required.

The types of values made are:

1. Unimproved Value (UV), and
2. Gross Rental Value (GRV).

UV's are used by:

- RevenueWA, Department of Treasury and Finance as a base to assess land tax;
- Some local governments to determine council rates, mainly in rural and fringe urban areas.

GRV's are used by:

- the Water Corporation and Country Water Boards for the determination of sewerage and drainage rates;
- all local governments for the determination of council rates in urban areas;

- the Department of Fire and Emergency Services for the assessment of the emergency services levy.

WA ratepayers rely on the VG for the provision of **fair, impartial and equitable** valuations. The VG ensures that these rating and taxing values are independently determined by reference to the property market at the date of valuation and not to any predetermined rating outcome.

## VALUATION ROLLS

Under the VLA, the VG is required to ensure that valuation rolls issued after a general valuation are complete, accurate and as current as possible. Valuation rolls are a formal record of the value of all rateable or taxable land in the State. They include sufficient information to identify land and the date at which the rating and taxing authorities must apply the value. Separate valuation rolls are maintained for GRV's and UV's.

Copies of the relevant valuation rolls are supplied to rating and taxing authorities and are available at **Landgate** for public inspection. (Refer to contact details).

## GENERAL VALUATIONS

The VLA empowers the VG to conduct general valuations on the GRV basis within WA at such times and frequency as he considers necessary and for UVs annually. This requires the State to be divided into valuation districts for which valuation rolls must be maintained.

Valuation districts are constituted at local government level for GRV purposes whereas for UVs the State is constituted into only one valuation district.

Valuation rolls are maintained by making periodic general revaluations. All land recorded in the rolls are of a UV and a GRV basis.

GRV general valuations are currently carried out on a triennial basis in the Perth metropolitan area and every 3 to 6 years in country areas of the State.

UV's are determined annually.

The making of a general valuation must be notified for public information by advertisement in one issue of each of two newspapers circulating in the area and by a notice published in the *Government Gazette*. The notice will specify:

- the valuation district concerned;
- the date of valuation and when the values come into force;
- rating or taxing authorities required to use the valuations;
- place and time where copies may be inspected;
- the manner in which an objection may be made to any valuation.

## DATE OF VALUATION

The **date of valuation** in relation to a general valuation is fixed by the VG.

UVs are determined annually relative to sales and rentals that are negotiated in the market place at or close to the date of valuation, which is set at 1 August prior to the date of adoption of 30 June in the same financial year.

Gross rental values are determined once every 3 to 6 years, generally relative to rents, and the date of valuation is 1 August in the year in which the general valuation is commenced.

## UNIMPROVED VALUE

UV is defined in the VLA and in some cases it is a statutory formula. As a broad guide the following applies:

### Within a Townsite

For land situated within a townsite the UV is the **site value** of the land. In general, this means the value of the land as if it were vacant with no improvements except **merged improvements**. Merged improvements relate to improvements such as clearing, draining and filling.



## Outside a Townsite - Rural

The UV of land outside a townsite is valued as if it had no improvements. In this case the land is valued as though it remains in its original, natural state, although any land degradation is taken into account.

If the UV cannot reasonably be determined on this basis, it is calculated as a percentage of the value of the land as if it had been developed to a fair district standard but not including buildings. This percentage is prescribed (where it applies) by the VG from year to year and is currently 50%.

## Exceptions

There are certain exceptions to the above for which the VLA provides a statutory formula for calculating the UV – such as a fixed rate per hectare or a multiple of the annual rent.

Exceptions include Mining Tenements, leases under the *Land Administration Act* (such as for grazing) Agreement Acts, and land held under the *Conservation and Land Management Act*.

## Strata Titles

Section 69(1) of the *Strata Titles Act* provides that for UV the VG must value the whole of the land subject to a strata plan as a single parcel in single ownership. The rating and taxing authority is required to apportion the value in proportion to the unit entitlement, which is shown on the registered strata plan.

Section 70(2) of the *Strata Titles Act* provides that each lot in a survey- strata scheme shall be valued as a separate parcel of land.

## UV Valuation Methodology

Market based UV's are determined by reference to the land market at the date of valuation. All sales relevant to the predetermined date of valuation are investigated and where considered necessary, the parties interviewed.

Unsuitable sales, such as between related parties or those with special circumstances, are discarded. By this process, a fair and reasonable criteria is established for the fixing of values.

## **GROSS RENTAL VALUE**

In the VLA a GRV is defined as follows:

GRV means the gross annual rental that the land might reasonably be expected to realize if let on a tenancy from year to year upon condition that the landlord were liable for all rates, taxes and other charges thereon and the insurance and other outgoings necessary to maintain the value of the land.

A GRV is determined on the basis that the rental **includes** outgoings such as rates and other property expenses.

As most commercial rentals are negotiated net of outgoings these need to be added to the net rental to equate to the statutory definition.

Where property rental payments are subject to GST, they represent a tax payable by the property owner and are included in the GRV.

Where an annual rental cannot reasonably be determined, the GRV becomes the **assessed value**. Assessed value is defined in the VLA as a percentage applying to the capital value of land within a particular class.

Residential land for which no rental value can be determined is valued on the basis of 3% of its total **capital value from 1 July 2011**. Assessed value for land designated for other uses is assessed on the basis of 5% of its total capital value.

Land used for residential purposes only must be valued on the basis of rental value. Any other land with a relatively low rental value in comparison to its capital value may be valued as if it were vacant land.

## GRV Valuation Methodology

A database of rental evidence is assembled from information obtained from a variety of sources.

A schedule of properties rented at or around the date of valuation is prepared for the area to be valued.

The rented properties are inspected and the rents analysed (for example deductions for furniture included in the letting).

Unsuitable lettings, such as those between related parties, are discarded so that the final list is acceptable as the basis for the determination of fair gross rentals as illustrated by actual market dealings.

From the analysis of actual rentals the fair gross rental of each property is established, after making allowances for any special features or detriments.

The GRV normally represents the annual equivalent of a fair weekly rental. For instance, a GRV of \$15,600 represents a weekly rental of \$300.

## **INTERIM VALUATIONS**

Valuation rolls are amended between general valuations to take account of changes that occur to land and property during a financial year. Typical instances include the subdivision of land, a change in the use of the land, new buildings being erected or improvements to existing buildings.

Values are amended to reflect the changed circumstances and to ensure the values are correctly co-ordinated with surrounding land or property. This is achieved by revaluing the land on the assumption that it existed in its amended form at the time of the last general valuation of the district.

The amended value (interim value) comes into force from the date of the change in circumstances and is supplied to rating and taxing authorities for any necessary re-assessment of the annual rates and charges.

## **GROUP VALUES**

### UV's

Valuation principles and court precedent provide that parcels of land meeting all of the following requirements may be valued as one holding for rating and taxing purposes.

- contiguous (touching) and in common ownership.
- used and occupied as one holding.
- Contiguity and use will continue into the future.
- Basis of valuation confirmed by sales evidence.
- Same ownership.



For example, a farming property comprising a number of lots/locations all in common ownership and being used as one large holding, will normally receive a single value.

### GRV'S

GRV values are determined on the basis of actual or probable occupation, provided that:

- Where there is more than one occupation within a single ownership, individual values are determined and then aggregated into a total value;
- Where an actual and continuing occupation extends across more than one lot a single value is determined for the whole of the land;
- Where a single occupation extends across more than one ownership the single value is apportioned to the separate ownerships.

## OBJECTIONS AND REVIEW

Under the VLA any person liable to pay a rate or a tax has the right to object to the values. Property owners having concerns over a valuation, are advised to contact Valuations Services as many queries can be resolved over the telephone without the need to lodge a formal objection.

An "Objection to Valuation" form, including additional information, is available from the Landgate website.

Formal objections are only accepted from the owner of the property or his authorised agent except where the occupier is the person named in the rating records of the rating and taxing authority as the owner.

The objection must be lodged **within 60 days** from the issue of a rating or taxing notice, or **within 60 days** from notification of the general valuation in the Government Gazette. While the VG may accept objections outside this period it is more likely the matter will be treated as an informal query without rights of review.

The VG may grant an extension of time in which to lodge a valid objection, however the onus is on the objector to establish reasonable cause for such an extension to be granted.

Objections can be made in writing to the VG and should include:

- The full address of the property (including lot numbers or location numbers where applicable).
- The reference or assessment number and name of the issuing authority.
- The valuation to which the objection relates and the type of valuation (UV or GRV).
- For GRV, a description of the property and any improvements.
- The detailed reasons and evidence in support of the grounds for objection.
- A copy of the rate or tax notice which will assist in identification.
- Details of the objector's name, postal address and telephone number are to be supplied.

Once an objection is received, a valuer will contact the objector, and may arrange an inspection of the property. A response, including the decision to allow or disallow the objection, will be served in writing.

An objector who is dissatisfied with the decision may have the decision reviewed by the State Administrative Tribunal (SAT). A request to have the decision referred to the SAT must be served on the VG within **60 days** of the service of the VG's decision (or such further period as the VG, before or after the expiry of that time, for reasonable cause shown by the person, allows).

## DEFINITIONS

The following definitions are drawn from the VLA:

### Townsite

- All land within the metropolitan region;
- All land within a district that is a city or town outside the metropolitan region;
- Any land that is currently a townsite within the meaning of the *Land Administration Act 1997* or any Act repealed thereby; and

- Any land, including privately owned subdivided land, in an area that has been, or is to be regarded as having been, constituted a townsite, and given a name, under section 10 of the *Land Act 1933*.

### Site Value

Site value of land means the capital amount that an estate of fee simple in the land might reasonably be expected to realize upon sale assuming that any improvements to the land, other than merged improvements, had not been made and, in the case of land that is reserved for a public purpose, assuming that the land may continue to be used for any purpose for which it is being used or could be used at the date of valuation.

### Merged Improvements

Merged improvements means any works in the nature of draining, filling, excavation, grading or levelling of the land, retaining walls or other structures or works for that purpose, the removal of rocks, stone or soil and the clearing of timber, scrub or other vegetation.

### Rating and Taxing Authority

Rating and taxing authority means any person entitled under any Act to assess any rate or tax in respect of land.

### Assessed Value

Assessed value of land means such percentage of the capital value thereof as may from time to time be prescribed. This percentage is fixed by Regulation.

### Capital Value

Capital value of land means the capital amount which an estate of fee simple in the land might reasonably be expected to realize upon sale - provided that where the capital value of land cannot reasonably be determined on such basis, the capital value of such land shall be the sum of, first, the unimproved value of the land, and, secondly, the estimated replacement cost of improvements to the land after making such allowance for obsolescence, physical depreciation and such other factors as are appropriate in the circumstances.

### Vacant Land

Vacant land means land on which there are no improvements other than merged improvements.



## Contact details

**Business hours** – Monday to Friday from 8:30am to 5pm

### General Enquiries:

#### Landgate

1 Midland Square  
Midland WA 6056

Ph: +61 (0)8 9273 7373

Email: [vs@landgate.wa.gov.au](mailto:vs@landgate.wa.gov.au)

Mail: PO Box 2222 Midland WA 6936

### Objections and Reviews:

Legislation requires that your completed objection form and supporting documents should be lodged within 60 days of the issue date on your rate or land tax notice. You can use any of the following methods:

**Postal Address:** The Valuer-General, LANDGATE, PO Box 2222, Midland WA 6936

**In person:** LANDGATE - 1 Midland Square, Midland WA 6056

**Email:** [vs@landgate.wa.gov.au](mailto:vs@landgate.wa.gov.au)

**Objection forms and more information is available at** [www.landgate.wa.gov.au](http://www.landgate.wa.gov.au)

## Frequently asked questions

### Can I discuss my concerns before lodging an objection?

Prior to lodging a formal objection your property valuation can be discussed with a Landgate valuer by phoning +61 (0)8 9273 7373. Many issues can be resolved without the need lodge a formal objection.

### Who may lodge an objection?

The *Valuation of Land Act 1978* makes provision for "any person liable to pay any rate or tax assessed in respect of land, who is dissatisfied with a valuation of such land made under the Act, may serve upon the Valuer-General or any rating or taxing authority a written objection to the valuation". The Act also extends the right of objection to the authorised representative of such a person.

### How long do I have to make an objection and can I get an extension?

The objection must be lodged within 60 days after the issue of a rating or taxing notice or notification of the making of the valuation in the Government Gazette.

The Valuer-General has the discretion to accept objections beyond the 60 day time frame. If you want to lodge an out of date objection you must provide detailed reasons why the objection is late. The Valuer-General will then determine whether to accept the objection.

### How do I know if a decision on my objection has been made?

As soon as is practical, you (or your agent) will be advised in writing of the decision made in relation to your objection.

### Can I have the decision of the Valuer-General reviewed?

If you are dissatisfied with the Valuer-General's decision you may, within 60 days of the service of notice of that decision (or such further period as the Valuer-General, before or after the expiry of that time, for reasonable cause shown by you, allows) serve on the Valuer-General a notice in writing requiring that the valuation is referred to the State Administrative Tribunal (SAT) for review. You are not required to contact the SAT beyond advising the Valuer-General that you wish it to be referred.

Once the SAT receives the Valuer-General's referral the SAT will write to you confirming the matter and will also provide you with information regarding the conduct of the review process.