

# NEW LAND TAX REQUIREMENTS IN QUEENSLAND CONTRACTS OF SALE

## Who's Liable Under State Law?

Under Queensland's **Land Tax Act**, the official liability for land tax falls on whoever owns and possesses the land as at midnight on **30 June** each year-even if a contract of sale has been signed but not yet settled. If a buyer gains possession before that date, they're considered the owner for tax purposes. This is a statutory rule and overrides any private agreement between parties.

### 1. Determine if You're Liable

You may be liable if the total taxable value of your land (excluding exempt land like your home) exceeds the land tax threshold.

### 2. Check the Land Tax Thresholds (as at 30 June)

Ownership Type	Threshold
Individuals	\$600,000
Companies, trustees, absentees	\$350,000

From 1 August 2025, significant reforms have been introduced to Queensland's real estate contracts - particularly regarding how land tax obligations are managed under the new REIQ Contract for the Sale and Purchase of Commercial Real Estate. A prominent change is the now mandatory - rather than optional - clarification of land tax liability in contracts.

Under the revised REIQ terms, sellers and buyers must actively choose how land tax will be treated at settlement.

The contract now presents three explicit options:

**1. No adjustment (the default):** the seller pays the full year's land tax, even if settlement occurs partway through the year. This benefits the buyer, who incurs no share of that year's tax.

**2. Single holding basis adjustment:** land tax is calculated as if the property is the seller's only holding and then apportioned between parties based on the settlement date.

**3. Actual liability adjustment:** land tax based on the seller's real annual liability-potentially involving multiple properties-which may result in a higher amount to be apportioned.

If parties fail to make a clear selection, the default rule applies, meaning the seller ends up responsible for the entire year's tax-possibly unexpectedly reducing their net proceeds.

Why this matters: Land tax in Queensland can be substantial. Without clarity, buyers or sellers may be exposed to significant financial risk. Sellers who leave the clause blank could end up absorbing the full tax burden. Buyers agreeing to the "actual liability" without scrutiny may agree to pay more than anticipated.

Best practice: Both parties should decide early which option suits them and ensure it's clearly specified in the contract. Sellers should calculate expected land tax, if possible, consult their advisor prior to listing their property for sale, and communicate it in the contract. Buyers should review the chosen method, request relevant assessments if needed, and budget accordingly.

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