

# COVID-19 Commercial tenant and landlord relief update - Victoria

## The extension of commercial rent relief regulations in Victoria brings a number of changes for both tenants and landlords for the rest of 2020.

21 August 2020

### Highlights

- Victorian commercial rent relief regulations to be extended until 31 December 2020
- The Regulations will require that rent relief be proportionate to reduction in turnover
- A land tax waiver of up to 50% will be available to eligible landlords
- A land tax waiver of 25% will be available to eligible owner-occupiers
- Small commercial landlords may be eligible for a payment of up to \$3,000 per tenancy

### Commercial rent relief extension

The extension of the JobKeeper programme till March 2021 raised questions as to whether the commercial rent relief State Regulations would be extended.

On 20 August 2020, The Victorian Government confirmed that they will extend the application of the Victorian commercial rent relief regulations ("the Regulations") until 31 December 2020. The Regulations in Victoria were originally effective from 29 March 2020 until 29 September 2020.

In addition to extending the period that rent relief will be available, the Regulations will be updated to include a specific requirement that rent relief be proportionate to the reduction in the tenant's turnover.

This change will be effective on a prospective basis. This should ensure that any pre-existing arrangements between landlords and tenants which

is not calculated with reference to the tenant's turnover should not be subject to the new requirement.

Victoria's original Regulations were notably different to those of other states and the principles in the preceding National Cabinet's Mandatory Code of Conduct, because Victoria's Regulations had no explicit requirement for rent relief to be proportionate to the tenant's reduction in turnover. The changes announced on 20 August will bring Victoria's Regulations into alignment with the other states and territories in this regard.

However, there is speculation that inserting this change into the Regulations after over four months of negotiations between landlord and tenants based on the previous Regulations may cause additional complexities.

ShineWing Australia has a number of resources available to assist landlords and tenants in negotiating, implementing and assessing rent relief.

Further resources, including details of the existing Regulations for each state, can also be found here:

- [Mandatory Code of Conduct commercial rent relief - State & Territory updates](#)
- [A clear reporting standard with independent audit requirements is needed for commercial rent relief](#)

At this stage, the other states and territories have not extended the application of the Regulations beyond the current date (end of September for most States except for NSW which lapses on 24 October 2020).



## Land tax relief increased for eligible landlords and owner-occupiers

The Victorian Government also announced further land tax relief on 20 August 2020.

According to the State Revenue Office's latest update, some landlords will be eligible for a waiver of 50% provided they meet the eligibility criteria. The 50% waiver will apply to the property's 2020 land tax and a deferral will be available for the balance until 31 March 2021.

A land tax waiver of 25% was already available for landlords who provided an equivalent amount of rent relief to their tenant. It is unclear whether the 25% waiver will continue to be available even if a landlord doesn't qualify for the announced 50% waiver.

Landlords who are eligible would need to submit a new application to the State Revenue Office, even if they have already previously applied for the 25% waiver. The application process will soon be available through [My Land Tax](#).

To qualify for the 50% waiver, landlords will need to provide eligible tenants with a 50% or of more outright rent waiver for at least 3 months. This requirement may be quite difficult to satisfy.

Under the Regulations, landlords must provide rent relief in proportion to the tenant's reduction in turnover and of the rent relief provided, only 50% needs to be waived (the remaining 50% can be deferred). We hope the SRO will provide further clarification regarding the 50% waiver requirement.

We also understand that where tenants pay land tax as part of their outgoings that the SRO expects that any land tax relief is passed through to tenants. Therefore, there may not be much incentive for Landlords to apply for land tax relief in these circumstances.

Owner occupiers may also now be eligible for a 25% waiver of land tax, if they would be eligible under the commercial tenancy relief scheme if they were a tenant.

A deferral until 31 March 2021 for the balance of any tax payable will also be available to eligible owner-occupiers.

## Hardship payments for small commercial landlords

A new \$60 million fund will be available for small commercial landlords via a hardship scheme. Eligible landlords will receive up to \$3,000 per tenancy. Eligibility requirements have not been released yet.

Unfortunately, no other relief has been provided for landlords.

## How ShineWing Australia can help

If you are a landlord or tenant, please contact us for a complementary initial discussion to discuss your options and requirements with respect to determining rental relief under the Code of Conduct. Our financing specialists are also available to assist in requesting relief from your lenders.

Additionally, we can assist both landlords and tenants with determining eligibility for a range of Federal and State government economic recovery programmes. For more information on these packages, visit our dedicated COVID-19 webpage.



**Abi Chellapen**  
Partner, Tax

T +61 3 8635 1905  
E [achellapen@shinewing.com.au](mailto:achellapen@shinewing.com.au)



**Stephen O'Flynn**  
Partner, Tax

T +61 3 8635 1986  
E [soflynn@shinewing.com.au](mailto:soflynn@shinewing.com.au)



**Blake Rodgers**  
Senior Manager, Business and Private Client Advisory

T +61 3 8635 1876  
E [brodgers@shinewing.com.au](mailto:brodgers@shinewing.com.au)