

# VIC State Budget

## Fast Facts 2024/25



## Property & Infrastructure

### Key takeaways

- Property taxes, including Land Tax and Transfer Duty, underpinning the budget are forecast to increase by an average of 6%+ per year over the forward estimates.
- Commercial and Industrial Properties will be phased into [the new Commercial and Industrial Property Tax \(CIPT\) regime](#).
- Infrastructure spending program has an added **\$4.9bn** for targeted new investments in critical areas.
- There appears to be a focus on hospitals and schools.
- Expected short term delivery of existing infrastructure projects including the Metro Tunnel and the West Gate Tunnel.
- Delays to delivery of the Airport rail link.
- Landowners and property developers in Victoria will be relieved to learn that there will not be any new property-related taxes introduced in this year's Budget.
- The Government has announced a standalone tax exemption for land used to provide social and emergency housing.
- The waste and fire services levies which are payable by property owners will be increased.

### Opportunities

- Property and infrastructure industry participants will continue to benefit from ongoing and new infrastructure projects.
- Hospitals and Schools are a focus area.

### Commercial and Industrial Property Tax (CIPT) regime

On the horizon is the much anticipated commercial and industrial property tax reform, which is set to commence on 1 July 2024.

- The new regime aims to remove stamp duty on transactions relating to commercial and industrial properties over time.
- Once a property enters the new regime it will be subject to an annual property tax (CIPT) after 10 years if the property continues to have a qualifying use.
- The CIPT regime may benefit some clients while detrimental to others. Therefore, it will be important to consider the nature of the particular property investment.
- Clients who are looking for long term investments in commercial and industrial properties could consider making the acquisition or enter into the relevant contract of sale prior to 1 July 2024.
- Purchasers could receive cashflow benefits from the government facilitated loan to pay their duty liability over a 10 year period.
- The Treasurer has recently published an information sheet which sets out the eligibility criteria for the loan.

### Vacant Residential Land Tax (VRLT)

- The extension of the Vacant Residential Land Tax (VRLT) to encompass 'vacant land' in all of Victoria is set to apply from 1 January 2025.
- In a positive development the Government has committed to extend the holiday home exemption for holiday homes owned by companies and trusts that meet certain criteria.
- The relevant amendment is expected to be contained in the state taxes amendment bill which is due to be released.



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### Did the Budget measure up?

- Builders, developers and consultants to the sector continue to feel the impacts of increased property taxes and inflationary pressures.
- While it is a welcome relief that Victorian businesses will not be faced with another new tax in this year's budget, the tax burden they've had to endure over the last 10 years of continued tax hikes have no doubt made doing business in Victoria more difficult comparatively.
- We believe more should be done by way of tax relief and incentives to help businesses navigate the challenging economic conditions they are facing currently.
- We were not expecting any major announcements with respect to Property Tax changes.
- This budget is not expected to provide significant stimulus.



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We score it: **3/5**



*This budget is like a C+ on a report card - it's not amazing, but it's not a total failure either.*