



e-News

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Newsletter No 174

Victorian Land Tax Changes: What Home-Based Businesses Need to Know



LAND TAX

The Victorian Government is once again increasing the tax burden on Victorians, and this time, **homeowners running businesses from their properties are in the crosshairs.**

The State Revenue Office of Victoria has begun auditing homeowners who operate businesses from their residences, including those working from a home office, shed, or garage.

Understanding Land Tax

Land Tax (Vic) is an annual tax calculated on the total taxable value of all land you own in Victoria as of December 31st of the preceding year. Typically, your Principal Place of Residence (PPR) and primary production farmland are exempt.

However, starting in **2024**, the Land Tax threshold (General Rate) was significantly **reduced from \$300,000 to \$50,000**. This change means a substantial increase in the number of Victorian landowners now liable for land tax.

Impact on Home-Based Businesses

If you run a business from your home, you might now be liable for land tax on your PPR. Here's what they consider:

- **Income:** Whether your business generates **\$30,000 (gross) or more** in income.
- **Space Usage:** If **more than 30%** of your home's land or building area is used, even partly, for business purposes.
- **Employees/Contractors:** If you have **paid employees or contractors** (excluding relatives living on the property) working on your land.
- **Permits:** If a **council permit is required** for your business activities.
- **Deductions:** The **extent and nature of income tax deductions** claimed for your business.

How is the tax calculated?

The land tax is apportioned based on the floor space or land area used for your business. For instance, if your home office occupies 20% of your total home's floor space, you'll be charged 20% land tax on the non-exempt portion, once the taxable value of your land reaches \$50,000.

My Opinion

As a person who also runs a home-based business, I share the deep frustration felt by many Victorians regarding this expansion of land tax. At a time when the cost of living is already a significant challenge, imposing new and unexpected tax burdens on hard-working self-employed individuals seems profoundly unfair.

While I believe in a fair and equitable tax system, the rationale behind taxing a portion of one's Principal Place of Residence simply for operating a home-based business lacks proportionality. This approach raises serious questions about the government's strategy for addressing its financial position, as it appears to be relying on broad taxation measures that could inadvertently stifle small business growth and impact the financial security of homeowners.

This policy risks diminishing the hard-earned equity that many small business owners have built in their homes. If you run a home-based business in Victoria, I encourage you to consider the implications of these changes, as I believe it's a critical issue that deserves attention.

In Other Bookkeeping_BAS News...

[Can I Claim the GST on That](#) page updated: Some new information has been updated in relation to burial rights and when GST applies and when it does not apply.

Next BAS due date: The next quarterly BAS for **April to June 2025**, is due by **25th August 2025** if lodged online by a tax professional or in Online Services for Business. If you are receiving a paper BAS and are not an active STP reporter, the BAS is due by **28th July 2025**.

Next IAS due date: The June 2025 Business Activity Statement is due by **21st July 2025**.

Next Super due date: The Q4 2024-25 SG is due by **28th July 2025**.

Taxable Payments Annual Report due date: The TPAR is due by **28th August 2025**. This is the last year the ATO will accept paper reports, so make sure you get online ASAP!

Engaging a New Registered Agent: [Learn what to do to be well prepared before engaging a new registered agent.](#)

Super Rate Increase: The SG rate will increase from 11.5% to **12%** on 1 July 2025. The rate of 12% will need to be applied for all salary and wages paid on and after 1 July, even if some or all of the pay period it relates to is before 1 July.

Luxury Car Tax Threshold FY26: From 1 July, the luxury car tax threshold will remain at \$91,387 for fuel-efficient vehicles and \$80,567 for all other vehicles. The car limit threshold will also remain at \$69,674. See [here for further details](#).

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Traders

This week I am reviewing 2 of these new software: Solo by MYOB and Sole - accounting software just for sole traders!

e-BAS Accounts

PO Box 3128

Grovedale VIC Australia 3216

1300 660 655

louisem@e-bas.com.au



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