



Land Tax Assessment Payment Options – Unintended Underpayments

This practice outlines how an incorrect payment of land tax will be managed if it was intended to be paid under a specific instalment option.

Background

Under the *Land Tax Assessment Regulations 2003*, a taxpayer may discharge their land tax liability by:¹

- paying the amount in a single discounted payment (option 1) or
- paying the amount in two equal instalments (option 2) or
- paying the amount in three equal instalments (option 3).

Payment under each option must be made by the dates specified on the assessment notice unless alternative arrangements have been entered into.

If payment is made by the first due date, but the amount paid is:

- less than the amount payable under option 1 but more than the first payment under option 2, then future payments will be required in accordance with option 2 or
- less than the first payment under option 2 but more than the first payment under option 3, then future payments will be required in accordance with option 3.²

If the amount paid by the first due date is less than the first payment under option 3, or an instalment is not paid when it is due, the full amount of unpaid land tax is immediately due and payable.³

A payment not in accordance with one of the options is an *incorrect payment* that will be applied to the intended option if:⁴

- the Commissioner is satisfied it was intended to be an amount under one of those options and
- the payment was received by the Commissioner within 7 days after the amount was due under that option and
- any shortfall is paid immediately.

¹ Regulations 5 – 8.

² Regulation 9.

³ Regulation 11.

⁴ Regulation 10A.

Commissioner's practice

1. The taxpayer must provide sufficient information to satisfy the Commissioner that the incorrect payment was intended to be an amount under a specific option.
2. The Commissioner will generally be satisfied if the taxpayer can show:
 - 2.1 there was a keystroke error or
 - 2.2 they miscalculated the amount because they were making multiple payments to satisfy the amount payable.

Other circumstances will be considered on a case by case basis.

3. If the Commissioner is satisfied the error was unintentional and the amount paid is less than required under the intended option, any shortfall must be paid within 7 days of being notified. Otherwise, the incorrect payment will not be taken to have been made under the intended option and
 - 3.1 if the payment amount qualifies for another option, this will apply to the remaining amount of unpaid land tax or
 - 3.2 if the payment amount doesn't qualify for another option, we may apply penalty tax in accordance with section 27 of the *Taxation Administration Act 2003*.⁵

Date of effect

This Commissioner's practice takes effect from 26 May 2023.

Chris McMahon
COMMISSIONER OF STATE REVENUE

26 May 2023

Document history

Document	Issued	Dates of effect	
		From	To
LT 18.0	30 October 2015	30 October 2015	25 May 2023
LT 18.1	26 May 2023	26 May 2023	Current

⁵ [Commissioner's Practice TAA 20 'Remission of Penalty Tax – for Late Payment'](#) details when penalty tax may be remitted.