VICTORIAN ROOMING HOUSES, TAXED PROPERLY

Rooming house land tax in Victoria: the exemption is real. The way it is sold is not.

Written by **Priyank Thakkar**: finance broker, former bank commercial credit assessor, and a developer who has built and operated rooming houses in Victoria.

Written for rooming house investors and operators in Victoria, their accountants, and the advisers beside them.

The seminar version says rooming houses pay no land tax. The State Revenue Office version has nine requirements, weekly tariff caps tied to the age pension, and tests assessed on the *previous* year. Both the opportunity and the traps are below: the 2026 caps, what qualifying is actually worth in dollars, and where projects fail. Every figure sourced and dated.

THE DIRECT ANSWER

Exempt if, and only if, the SRO's tests are met.

> Land can be exempt from Victorian land tax where it is used and occupied as a rooming house within the meaning of the Residential Tenancies Act 1997, registered with the local council under Part 6 of the Public Health and Wellbeing Act 2008, and used primarily for low-cost accommodation by people with low incomes. That last phrase does the heavy lifting, and the SRO measures it with hard numbers.

The 2026 tariff caps

To pass the tariff test, the weekly charge per person in the *previous* tax year must be below these caps. They reset every year from the September quarter age pension.

ACCOMMODATION	LODGING ONLY, PER PERSON PER WEEK	FULL BOARD AND LODGING, PER PERSON PER WEEK
Single room	**$412.55**	$618.82
Shared room	$310.98	$466.46

2026 land tax year caps: 70% of the Commonwealth age pension rate for lodging only, 105% for full board and lodging. Source: State Revenue Office of Victoria, updated 15 June 2026.

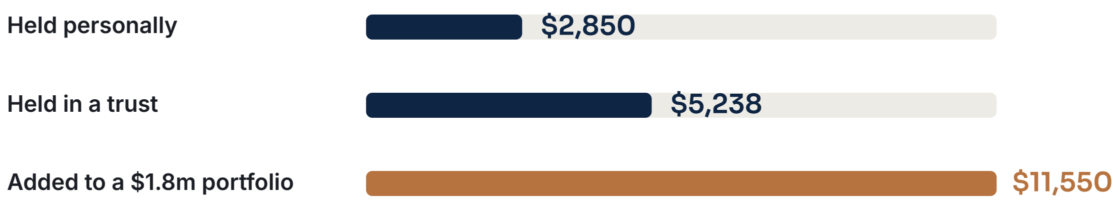
Notice what those caps mean in practice. Rooms in Melbourne rooming houses commonly advertise between $300 and $380 a week including bills, which sits under the single lodging-only cap. The tariff test is frequently passable. Projects usually fail somewhere else: the low-cost purpose test, the 80% long-term occupancy test, the related-party rules, or simply having no previous-year history to assess.

WHAT QUALIFYING IS WORTH

The same land, three ways.

> Worked on a rooming house site value of $700,000, using the SRO's legislated 2024 to 2033 scales. Land tax is calculated on total taxable landholdings at midnight on 31 December, so what the exemption is worth depends on how you hold, and what else you hold.

WHAT THE EXEMPTION REMOVES, EACH YEAR, ON A $700,000 SITE



SRO 2024–2033 scales, static site values, single-owner aggregation, no absentee surcharge. Not advice.

Held personally, only property

General scale on $700,000: **$2,850 a year**. With the exemption: nil on this land. Roughly $28,500 over a ten-year hold, before revaluations.

Held in a trust

Trust surcharge scale on $700,000: **$5,238 a year**. With the exemption: nil. Roughly $52,000 over ten years. Many rooming houses are held in trusts, so this is the common case, and the surcharge makes the exemption worth nearly twice as much.

Added to a portfolio

If you already hold $1.8 million of taxable land, adding this site takes the aggregate to $2.5 million and the bill from $11,850 to $23,400: the rooming house costs **$11,550 a year** at the margin. Exempt, it adds nothing. Over ten years that is six figures.

Illustrative arithmetic on the published scales, static site values, single-owner aggregation, no absentee owner surcharge. Your assessment depends on your holdings, structure and valuations. Not advice.

THE TESTS

Nine requirements. All of them, every year.

> Paraphrased from the SRO's current eligibility checklist. The exemption is annual: the tests look at the previous tax year, every time.

- Registered with the local council as a rooming house under Part 6 of the Public Health and Wellbeing Act 2008
- At least one room, not a self-contained unit, always available for four or more residents
- Occupied by at least one resident
- Residents hold a right to occupy a room and use common facilities
- No resident related to the landowner, manager or lessee
- No resident is a director or shareholder of the owning or operating company, or related to one
- No resident is a trustee or beneficiary of the owning or operating trust
- At least 80% of the rooming house occupied by long-term residents in the previous tax year, meaning stays totalling three months or more
- Weekly tariffs below the caps in the previous tax year

The SRO will consider exceptional circumstances beyond your control on one of the occupancy requirements. Everything else is pass or fail. Applications go through My Land Tax with evidence: council registration certificates for each year claimed, an occupancy register showing each resident's length of stay and tariff, residency agreements, advertising material and a floorplan. **Run the occupancy register from the first week of trading.** It is the difference between an application and an argument.

WHERE PROJECTS FAIL

The five traps, in the order they bite.

WHY YEAR ONE IS USUALLY TAXABLE

Settle · build · convert → Year one: operating, taxable → Year two on: exemption possible

The year the SRO examines: occupancy, tariffs, registration

1. Year one has no history

The occupancy and tariff tests examine the previous tax year. A rooming house that opened in March has no previous year to assess, so the land is generally taxable for at least its first assessment. Feasibilities that assume exemption from day one are overstating year-one cash flow.

2. The development phase

Land tax runs through site acquisition and construction at full rates, on trust surcharge scales if you hold in a trust. Vacant residential land tax adds exposure on top: statewide from 2025, at 1% of capital improved value rising to 3% for consecutive years, with construction generally outside it for two years from building permit, and metropolitan land left undeveloped for five years caught from 2026. If you hold vacant residential land, notification is due by 15 February even where an exemption applies.

3. The structure trap

Trust ownership does not disqualify you. A resident who is a trustee, a beneficiary, a director or shareholder of the owning company, or related to any of them, does. Families housing a relative in one room have lost the whole exemption on this test.

4. Purpose, not just price

Charging under the cap is necessary, not sufficient. The land must be used primarily for low-cost accommodation by people with low incomes, and the SRO reads your advertising, your resident mix and your agreements as evidence of purpose. A premium co-living product priced just under the cap is not what this exemption is for.

5. The 80% long-term test

Short-stay and high-churn models fail: at least 80% of the accommodation must have been occupied by residents staying three months or more, measured across the previous year. One trap inside the trap: the test rewards stable tenancies, which is also what your lender's valuer wants to see.

The flow-through

Two pieces of good news. Land that is exempt from land tax is also exempt from vacant residential land tax. And an operating rooming house with residents in place is not vacant land in the first place.

HOW TO APPLY

The application, step by step.

> Seven steps, in the order they happen. The work is in the first three; the application itself is the last twenty minutes. Every step below rests on the SRO's published requirements or on the Act, and the SRO's current page is the authority on the form it takes this year.

1. **Register with council first, and keep every certificate.**
Registration as a rooming house under Part 6 of the Public Health and Wellbeing Act 2008 sits with your local council and is renewed annually. The SRO asks for the certificate for each year you claim. No certificate for a year means no exemption for that year, whatever the occupancy looked like.

2. **Start the occupancy register in the first week of trading.**
One line per resident: room, start date, end date, weekly tariff, and whether that tariff is lodging only or full board. This one document is the evidence for three of the nine tests (four or more residents, 80% long-term, tariffs under the caps), and it cannot be reconstructed convincingly afterwards.

3. **Keep the rest of the evidence as you go.**
Signed residency agreements (the Consumer Affairs Victoria model rooming house agreement is the standard the SRO recognises), the house rules, every advertisement with its tariff, and a floorplan showing the rooms and the shared facilities. The advertising matters more than people expect: it is how the SRO reads purpose.

4. **Run the nine tests yourself at 31 December.**
Land tax is assessed on what you hold at midnight on 31 December, and the tests look at the year that has just ended. Check every tariff against that year's caps, count the long-term share, count residents, and confirm nobody living there is related to the owner or manager, or is a director, shareholder, trustee or beneficiary of the entity that owns or runs it. If any test fails, that year is taxable: budget it, and fix the cause for the next one.

5. **Apply through My Land Tax, with the evidence attached.**
The SRO's online land tax portal is where the application is lodged: the year claimed, the council certificate for that year, the occupancy register, the agreements, the advertising and the floorplan. Apply as soon as the year's records are complete. If an assessment arrives before a decision, it stands until the SRO changes it.

6 **If the assessment comes without the exemption, object within 60 days.**

An objection to a Victorian land tax assessment must be lodged within 60 days of the date the notice was served, with the grounds and the evidence (Taxation Administration Act 1997 (Vic), sections 96 and 99). Late objections are at the Commissioner's discretion (section 100). Lodging an objection does not pause the due date.

7 **Every year after: the same tests, new caps, and tell the SRO if anything changes.**

The exemption is annual. Renew the council registration, re-check every tariff against the new caps (they reset from the September-quarter age pension), and keep the register running. If the land stops qualifying, an assessment that still carries the exemption is an error you are required to report to the SRO within 60 days of its issue date (Land Tax Act 2005 (Vic), section 104A). The SRO's published penalty tax for a notification default is 25% of the tax that should have been assessed, reduced to 5% for a voluntary disclosure made before an investigation starts.

What breaks it mid-year

A relative, a director or a beneficiary moves into a room. A tariff creeps over the cap once bills are added. Short stays push the long-term share under 80%. The council registration lapses. The property changes hands or moves into a new entity, which is a fresh application with the evidence for the year claimed. Each of these is visible in the register, which is why the register is kept weekly, not reconstructed in January.

The one place the SRO bends

The SRO will consider exceptional circumstances beyond your control on one of the occupancy requirements. It is a discussion supported by evidence, not a box on the form, and it does not extend to tariffs, registration or the related-party rules. Plan on passing all nine.

General information only, not tax advice. The steps describe the process as published; the SRO's current page and My Land Tax are the authority on this year's form, and your accountant on whether your property qualifies.

THE FEASIBILITY

We model the tax as payable.
The exemption is upside.

> When we build a rooming house feasibility, land tax goes in as a cost at your structure's scale, for the development period and at least the first operating year. If the exemption lands later, it improves a deal that already worked. A feasibility that only works if the SRO says yes is not a feasibility. This is the same discipline on the rooming house finance page: Class 1B classification, setbacks and the land tax position handled as part of the file, by a broker who has built these projects and carried these assessments.

STRAIGHT ANSWERS

Fair questions.

Is a rooming house exempt from land tax in Victoria?

Sometimes. Land used and occupied as a registered rooming house, primarily for low-cost accommodation by people with low incomes, can be exempt, but the SRO applies nine requirements including council registration, related-party exclusions, an 80% long-term occupancy test and weekly tariff caps, all assessed on the previous tax year. It is an annual test, not a permanent status.

What is the maximum rent I can charge and still pass the tariff test in 2026?

For the 2026 Victorian land tax year: less than $412.55 per person per week for a single room lodging only, $618.82 with full board, $310.98 per person for shared lodging only, and $466.46 shared with full board. The caps are 70% of the age pension rate for lodging and 105% for full board, and reset each year from the September quarter pension level.

Is a new rooming house exempt in its first year?

Generally no. The occupancy and tariff tests look at the previous tax year, and a newly opened rooming house has no previous-year history. Budget year one as taxable, keep the occupancy register from the first week, and apply through My Land Tax once the history exists. The SRO can consider exceptional circumstances on one occupancy requirement, but that is a discussion, not a default.

Does the exemption also remove vacant residential land tax?

Yes. In Victoria, land exempt from land tax is also exempt from vacant residential land tax, and an operating rooming house with residents is not vacant in any case. The exposure sits earlier: sites held vacant, and builds that run long. VRLT applies statewide from 2025 at 1% of capital improved value, escalating to 3% with consecutive years, and from 2026 metropolitan land left undeveloped for five or more years is caught at 1%. Notification is due by 15 February.

We hold the property in a trust. Does that break the exemption?

In Victoria, the trust itself does not. But no resident can be a trustee or beneficiary of that trust, a director or shareholder of the owning or operating company, or related to the owner or manager. And until the exemption applies, a trust pays the surcharge scale: on a $700,000 site value that is $5,238 a year against $2,850 on the general scale, which makes the exemption worth more, not less, to trust structures.

How do I apply for the rooming house land tax exemption in Victoria?

Through My Land Tax, the SRO's online land tax portal, once the previous tax year's records exist: the council registration certificate for the year claimed, the occupancy register showing each resident's length of stay and weekly tariff, the residency agreements and house rules, the advertising, and a floorplan. Land tax is assessed on holdings at midnight on 31 December and the tests look at the year just ended, so apply as soon as that year's records are complete. If the assessment arrives without the exemption, an objection must be lodged within 60 days of service. The exemption is annual: the same evidence, against each new year's caps.

What records will the SRO want when I apply?

Council registration certificates under the Public Health and Wellbeing Act 2008 for each year claimed, an occupancy register showing each resident's length of stay and tariff, residency agreements and house rules, advertising material, a floorplan showing any non-rooming-house areas, and the tariffs charged. The application is lodged through My Land Tax. Operators who keep these from day one apply; operators who do not, reconstruct.

SOURCES AND METHOD

Where every figure comes from.

SOURCE	WHAT IT SUPPORTS	AS AT
SRO Victoria, Land tax exemption for rooming houses	Eligibility requirements, 2026 tariff caps, application evidence list	Updated 15 Jun 2026, accessed 24 Aug 2026
SRO Victoria, Land tax current rates	General and trust surcharge scales, 2024 to 2033 land tax years	Updated 20 Jul 2026, accessed 24 Aug 2026
SRO Victoria, Understanding vacant residential land tax, and VRLT current rates	Statewide scope, 1% to 3% escalating rates, construction and undeveloped-land rules, 15 February notification	Updated 24 Aug 2026 and 16 Feb 2026, accessed 24 Aug 2026
Land Tax Act 2005 (Vic) s 75; Commissioner's guidelines LTA-003v2 (archived, pre-2023 years)	Legislative basis (s 75(1)), application evidence, assessment on the year immediately preceding the tax year	Accessed 24 Aug 2026; guidelines re-read 4 Sep 2026
Taxation Administration Act 1997 (Vic) ss 96, 99, 100	Right to object (s 96); 60 days from service to lodge (s 99); late objections at the Commissioner's discretion (s 100)	Consolidated Act, ss 96 and 100 read 5 Sep 2026; confirm the current form with the SRO

SOURCE	WHAT IT SUPPORTS	AS AT
Land Tax Act 2005 (Vic) s 104A; SRO Victoria, Objecting to penalty tax on land tax assessments, and Land tax amendment form	Duty to notify an error or omission in an assessment within 60 days of its issue date, including land wrongly shown as exempt; penalty tax 25%, 5% on voluntary disclosure, up to 90% for intentional disregard	SRO pages read 5 Sep 2026; confirm the current form with the SRO
Consumer Affairs Victoria, model rooming house residency agreement	Residency agreement standard referenced in applications	Accessed 24 Aug 2026

Figures in this guide reviewed quarterly, last reviewed September 2026. Next review: December 2026. General information only, current at September 2026. Land tax is assessed on your total holdings and structure. Obtain advice from a qualified accountant or adviser before acting, and confirm current rates and criteria with the State Revenue Office.

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+61 404 44 22 11

priyank@prevailfinance.com.au
prevailfinance.com.au/rooming-house-finance

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