



2002-03 Budget Amendment First Home Owner Concession and Principal Place of Residence Rebate

This circular provides information on amendments to the Stamp Duty Act as part of the 2002-03 Budget. The changes outlined in this circular commence 20 August 2002.

Summary

1. In summary, these measures:
 - (a) increase the **first home owner concession** threshold from \$80 000 to \$125 000;
 - (b) align the **first home owner concession** eligibility criteria with the \$7 000 First Home Owner Grant; and
 - (c) introduce a new **principal place of residence rebate** of up to \$1 500 on the stamp duty payable on the conveyance of residential property other than first homes.

First home owner concession

2. Prior to 20 August 2002, the **first home owner concession** provided a concession on the duty payable on the first \$80 000 of a first home in the **Territory** (concession rate up to 2.96.00).
3. For contracts entered into from 20 August 2002, the concession on the duty payable increased to the first \$125 000 of a first home **Australia** (concession rate up to \$3 640.60).

Eligibility criteria (First Home)

4. Persons who acquire a home or land on which a home is to be built are eligible for the **first home owner concession** if:
 - (a) they are natural persons (and not a company);
 - (b) they are acquiring all of the beneficial interest in the home or land;
 - (c) they are not acquiring the home or land as the trustee of a trust; and
 - (d) either:
 - (i) there is a home on the land and the Commissioner is satisfied that they will occupy the home as their principal place of residence within 12 months of executing the instruments evidencing the conveyance; or
 - (ii) there is no home on the land and the Commissioner is satisfied that they will build a home on the land within 3 years and occupy it as their principal place of residence within that 3 year period or within 1 year of the home being built, whichever occurs first.
 5. At least one of them is an Australian citizen or permanent resident (including a New Zealand citizen who holds a special category visa within section 32 of the *Migration Act*);
 - (f) they and their spouses, (including a de facto), have not received a first home owner concession previously; and
 - (g) they and their spouses, (including a de facto), have not at any time held an interest in land in Australia on which there was a building that was occupied as that person's residence.
5. A person acquiring their first home with the Chief Executive Officer (Housing) under the Homestart or Homeshare Housing Assistance Schemes is eligible for the concession.

Principal place of residence rebate

6. For contracts entered into from 20 August 2002, the **principal place of residence rebate (PPR rebate)** is a concession on stamp duty of up to \$1 500 for homes other than first homes.

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Home Owner Concessions cont ...

Eligibility criteria (PPR rebate)

7. Persons who acquire a home or land on which a home is to be built are eligible for the **principal place of residence rebate** if:
 - (a) they are natural persons;
 - (b) they are acquiring all of the beneficial interest in the home or land;
 - (c) they are not acquiring the home or land as the trustee of a trust;
 - (d) either:
 - (i) there is a home on the land and the Commissioner is satisfied that they will occupy the home as their principal place of residence within 12 months of executing the instruments evidencing the conveyance; or
 - (ii) there is no home on the land and the Commissioner is satisfied that they will build a home on the land within 3 years and occupy it as their principal place of residence within that 3 year period or within 1 year of the home being built, whichever occurs first; and
 - e) they do not qualify for the first home owner concession as set out above.
8. A person acquiring their property with the Chief Executive's Office (Housing) under the Homestart or Homeshare Housing Assistance Schemes is eligible for the rebate.

Commissioner's power to extend or exempt time for occupancy

9. The Commissioner has the power to extend the time in which a person is to occupy their home as a principal place of residence. However, the Commissioner will only do so where he is satisfied that there are special reasons, such as where the home is being purchased off-the-plan and will not be built within the requisite period.
10. In addition, where there are at least 2 persons acquiring the home or land on which a home is to be built, the Commissioner has the power to exclude one of them from complying with the requirement to occupy the home as their principal place of residence. However, the Commissioner will only do this where there are special reasons to do so, such as an unexpected transfer arising from the person's employment.

Satisfying the Commissioner of intention to build

11. Where the property is vacant land, the person or persons acquiring the land should supply the Commissioner with supporting information to satisfy the Commissioner that a home will be built on the land. Appropriate information is a comprehensive building contract, approved building plans or a building permit, or alternatively, proof that construction has started, such as invoices, finance approval, plans etc.

Failure to build and/or occupy

12. A person who has received the **first home owner concession** or **principal place of residence rebate** must notify the Commissioner of a failure to occupy, or build and occupy (as the case may be) within the requisite time. A failure to notify the Commissioner is an offence with a penalty of 50 penalty units (currently \$5,500).
13. Where a person fails to occupy, or build and occupy, as required, the Commissioner will amend the assessment of duty as if the person were not eligible for the concession. Accordingly, the person will need to pay the amount previously claimed as the concession. The Commissioner has a discretion not to amend the assessment where there are special reasons not to, such as where the failure to occupy arises from the death of the person who acquired the land.

Revenue Circular RA001, which sets out information on the revenue circular system, is incorporated into and is to be read as one with this Circular.

Refer to the Stamp Duty Act for precise information on the first home owner concession or principal place of residence rebate. For general information, please contact TRM on 1300 305 353.