TERRITORY REVENUE OFFICE

REVENUE CIRCULAR

RC-GEN-013:

2012-13 Mini-Budget Measures

Purpose

1. This Circular provides information on amendments to the *First Home Owner Grant Act* and the *Stamp Duty Act* that implement the 2012-13 Mini-Budget revenue measures administered by the Territory Revenue Office (TRO). These measures were announced by the Treasurer on 4 December 2012.

For First Home Owners

Increases to the first home owner grant

1. From 4 December 2012, the first home owner grant increases from $7 000 to:

* $25 000 for first home owners purchasing or building a new home or an established home in regional Northern Territory – that is, a home not within the boundaries of Darwin, Palmerston, Litchfield and Wagait (the “***urban area***”);
* $25 000 for first home owners purchasing or building a new home located in the urban area; and
* $12 000 for first home owners purchasing an established home located in the urban area.

1. A “***new home***” is a home that has not been previously lived in or sold as a place of residence. Accordingly, eligible new home transactions include:

* a contract for the purchase of a new home (including off-the-plan) made on or after 4 December 2012;
* a comprehensive home building contract made on or after 4 December 2012; and
* the building of a new home by an owner builder provided the laying of the foundations commences on or after 4 December 2012.

1. The purchase of a substantially renovated home in certain circumstances qualifies as the purchase of a new home. To qualify, the substantially renovated home must be a taxable supply of new residential premises as defined under section 40-75(1)(b) of the Commonwealth’s *A New Tax System (Goods and Services Tax) Act 1999*. The transaction must also be the first sale of the home since being substantially renovated and the home must not have been occupied as a place of residence since that renovation, including by the builder, a tenant or other occupant.
2. The increases in the first home owner grant will generally apply for contracts entered into on or after 4 December 2012. However, transitional arrangements apply, so that the lower $7000 grant amount is still payable to applicants where:

* the contract replaces a contract executed before 4 December 2012, for the purchase or construction of the same or a substantially similar home; or
* before 4 December 2012, the purchaser or vendor entered into a contract or option to require the sale or purchase of the home; or
* in relation to a comprehensive home building contract, a party to the contract had a right or option granted before 4 December 2012 to require the other party to enter into the contract.

1. Applicants should be aware that substantial penalties may be imposed if an applicant replaces a contract entered into before 4 December 2012 with a new contract in an attempt to receive the benefit of the increased grant. TRO will conduct investigations to ensure that all applicants meet the eligibility requirements applying at the relevant time.
2. Note that the critical date for the grant is the commencement date of the eligible transaction, so the increased grant will be available where vacant land has been purchased before 4 December 2012 provided a comprehensive home building contract is made or an owner builder commences construction (laying of foundations) on or after 4 December 2012.
3. For further details, please refer to the First Home Owner Grant Application Form [F-HI-001](http://www.treasury.nt.gov.au/PMS/Publications/TaxesRoyaltiesGrants/HomeOwnerIncent/F-HI-001.pdf) and the guide to the application and Commissioner’s Guideline [CG-HI-011: *What is a new home*](http://www.treasury.nt.gov.au/PMS/Publications/TaxesRoyaltiesGrants/HomeOwnerIncent/CG-HI-011A.pdf).

Retargeting of the first home owner grant threshold amount

1. Existing first home owner grant eligibility criteria, such as the residence requirements, continue to apply. For transactions with a commencement date prior to 4 December 2012, a person is not eligible for the first home owner grant when the consideration or unencumbered value of the home or building costs and land is more than the maximum threshold amount of $750 000.
2. As part of the retargeting of the first home owner grant, effective from 4 December 2012, the maximum threshold amount above which eligibility ceases has been reduced to $600 000. This means that the new $600 000 threshold only applies to eligible transactions that commence on or after 4 December 2012.

*Example*

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| Burt bought a block of land in October 2011, which is vacant and is currently valued at $240 000.  On 5 December 2012, Burt signs a comprehensive home building contract to build a new home on the land for $350 000 (which also reflects the arm’s length consideration).  Burt will be eligible for the increased grant of $25 000 because the combined value of the land and home at the date of the home building contract is $590 000, which is below the threshold amount of $600 000.  However, if Burt instead signs a comprehensive home building contract to build a new home on the land for $400 000, Burt will not be eligible for the first home owner grant. This is because the combined value of the land and home at the date of the home building contract is $640 000, which is over the new $600 000 threshold amount. |

1. Where the $600 000 threshold amount is exceeded, the stamp duty principal place of residence rebate of $7000 may be available for purchases from 4 December 2012 of a new home or vacant land on which a new home will be built.
2. More detailed information on the first home owner grant, principal place of residence rebate and eligibility criteria is available in Commissioner’s Guideline [CG-HI-001](http://www.treasury.nt.gov.au/PMS/Publications/TaxesRoyaltiesGrants/HomeOwnerIncent/CG-HI-001.pdf): *Home Incentives* and First Home Owner Grant Application Form [F-HI-001](http://www.treasury.nt.gov.au/PMS/Publications/TaxesRoyaltiesGrants/HomeOwnerIncent/F-HI-001.pdf) and the guide to the application.

Stamp duty first home owner concession ceases

1. The stamp duty first home owner concession will no longer be available to first home buyers for conveyances first executed on or after 4 December 2012. First home owner assistance will instead be provided by the increased first home owner grant.
2. For a conveyance that was first executed prior to 4 December 2012, including where a contract has been signed by both the first home buyer and seller prior to 4 December 2012 but exchange had yet to take place, the first home owner concession will still be available provided that all of the eligibility requirements are satisfied. This includes situations where the first home buyer and seller have signed the contract but were waiting for the CEO Housing to execute as part of the former shared equity scheme.
3. A statutory declaration will be required to evidence that the first home buyer and seller signed the contract prior to 4 December 2012 and the transaction will need to be assessed for duty by TRO, rather than through the Conveyance By Return scheme.

For Other Home Buyers

Increase and retargeting of the stamp duty principal place of residence rebate

1. From 4 December 2012, the stamp duty principal place of residence rebate is increased from $3500 to $7000 and retargeted to only apply to the purchase of new homes or vacant land on which a new home will be built. The other conditions of the principal place of residence rebate continue to apply, including that the purchaser is not eligible for other home owner assistance such as the first home owner concession, first home owner grant or senior, pensioner and carer concession.
2. The lower principal place of residence rebate of $3500 will still be available (including for purchases of established homes) for a conveyance that was first executed prior to 4 December 2012, including where a contract has been signed by both the home buyer and seller prior to 4 December 2012 but exchange had yet to take place, or for a conveyance that is subject to the transitional arrangements.
3. The meaning of new home for the principal place of residence rebate is consistent with the first home owner grant definition. A new home is a home that has not been previously lived in or sold as a place of residence. This includes a substantially renovated home in certain circumstances.
4. The transitional arrangements provide that where a conveyance is secured prior to 4 December 2012, including by a contract or an option agreement, then the lower rebate of $3500 will apply to the conveyance where:

* the conveyance replaces a conveyance first executed before 4 December 2012, for the same or substantially similar land; or
* the conveyee entered into a contract or option, before 4 December 2012, to purchase the land, or substantially similar land, to which the conveyance relates; or
* the conveyor had an option, granted before 4 December 2012, to require the conveyee to purchase the land, or substantially similar land, to which the conveyance relates.

Further Information

1. Please refer to the Revenue and Other Legislation Amendment Bill 2012 and explanatory statement for precise details of the amendments.

If you are unsure about any aspect concerning your eligibility for the increased first home owner grant or stamp duty principal place of residence rebate, it is important that you contact your lawyer, conveyancer or TRO for clarification before proceeding with your application.

Revenue Circulars

1. Commissioner’s Guideline [CG-GEN-001](http://www.treasury.nt.gov.au/PMS/Publications/TaxesRoyaltiesGrants/GeneralAdmin/CG-GEN-001.pdf), which sets out information on the revenue publication system, is incorporated into and is to be read as one with this Circular. All Circulars and Guidelines are available from TRO’s website.

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COMMISSIONER OF TERRITORY REVENUE

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