TERRITORY REVENUE OFFICE

REVENUE CIRCULAR

RC-GEN-015:

2014‑15 Budget Measures

Purpose

1. This Circular provides information on amendments to the *First Home Owner Grant Act* and *Stamp Duty Act* that implement the 2014‑15 Budget revenue measures administered by the Territory Revenue Office (TRO). The Budget was delivered by the Treasurer on 13 May 2014.

First Home Owner Grant

Increase in the first home owner grant for new homes

1. From 13 May 2014:

* the first home owner grant increases from $25 000 to $26 000 for transactions involving new homes; and
* the $600 000 threshold on the value or price of a new home is removed.

1. The increased grant is available for comprehensive home building contacts or contracts to purchase a new home (including off‑the‑plan purchases) that are made on or after 13 May 2014. Owner builders may also be eligible for the increased grant if construction commences (i.e. the foundations for the home are laid) on or after 13 May 2014.
2. The $600 000 threshold and $25 000 grant amounts continue to apply to transactions involving new homes entered into prior to 13 May 2014. These changes do not affect the current grants for established homes, which continue to be available under the existing rules until 1 January 2015.
3. Transitional arrangements have been put in place so that the $600 000 threshold and $25 000 grant amounts continue to apply to transactions involving new homes where:

* a contract replaces a contract to purchase or construct the same or a substantially similar home that was first made before 13 May 2014; or
* the purchaser or vendor entered into a contract or option to require the sale or purchase of the home before 13 May 2014; or
* in relation to a comprehensive home building contract, a party to the contact had a right or option granted before 13 May 2014 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 13 May 2014 with a new contract after this date in an attempt to receive the benefit of the increased grant or the removal of the threshold. TRO conducts investigations to ensure that applicants meet the eligibility requirements applying at the relevant time.

Cessation of the first home owner grant for established homes

1. From 1 January 2015, no first home owner grant will be available to first home buyers purchasing established homes. First home buyers who enter into a contract to purchase an established home on or before 31 December 2014 continue to be able to access the first home owner grant and are subject to the existing rules, including the $600 000 threshold on the price or value of the home and $12 000 for established homes in the urban area and $25 000 in rural areas, respectively.

Definition of a “new home”

1. The definition of a “new home” has been expanded to include a discretion to declare a home that has previously been sold but not occupied to be a new home. This discretion provides flexibility in circumstances where a home has the necessary character and appearance of a new home, but cannot technically be considered a new home due to the fact it previously has been sold.
2. For example, a newly built home may be first sold from a developer to an investor and then on‑sold to an owner‑occupier. In these circumstances, the owner‑occupier may be able to apply to have the home declared to be a new home despite the first sale to the investor.
3. This discretion is subject to a number of criteria and importantly, the home must never have been occupied as a place of residence, including as residential accommodation (regardless of the duration of the occupation). Of note, a building occupied as residential accommodation includes a hotel, serviced apartments and workers accommodation.
4. Further information on the definition of a “new home”, including the discretion, can be found at 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).
5. The amended definition applies in relation to both the first home owner grant and the principal place of residence rebate under the *Stamp Duty Act*.

Further Information

1. Please refer to the Treasury Legislation Amendment Bill 2014 and explanatory statement for precise details of the amendments.
2. For further details, please refer to the First Home Owner Grant Application Form and Guide to the Application, [F-HI-001](http://www.treasury.nt.gov.au/PMS/Publications/TaxesRoyaltiesGrants/HomeOwnerIncent/F-HI-001.pdf), and Commissioner’s Guideline [CG-HI-001: *Stamp Duty Home Incentive Schemes*](http://www.treasury.nt.gov.au/PMS/Publications/TaxesRoyaltiesGrants/HomeOwnerIncent/CG-HI-001.pdf). If you are unsure about any aspect concerning your eligibility for the 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: *Revenue Circulars, Commissioner's Guidelines and Payroll Tax Rulings: explanation and status*](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.



Grant Parsons

COMMISSIONER OF TERRITORY REVENUE

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