

Benefits to first home buyers purchasing a newly constructed home

By Ros Forrest and Naomi Rothman of Gadens Lawyers, Sydney

With a focus on boosting new housing construction, the NSW Government recently released its Budget for 2011-2012.

From 1 January 2012, First Home Plus exemptions and concessions will be replaced by the First Home - New Home Scheme.

Currently, eligible purchasers will pay no stamp duty on any homes valued up to \$500,000 and there are concessions on duty for homes valued between \$500,000 and \$600,000.

Under the new scheme, eligible first homebuyers will continue to receive the \$7,000 first home owner's grant. However, now there will only be a stamp duty exemption for agreements for sale or transfers entered into or after 1 January 2012 where the acquisition is of a *newly constructed home*, including 'off the plan'.

A full stamp duty exemption will be available for eligible first home buyers purchasing a newly built home costing up to \$500,000 and there will be partial stamp duty exemptions for homes costing between \$500,000 and \$600,000.

Eligible purchasers buying a vacant block of residential land to build their home will pay no duty on vacant land up to \$300,000, and will receive concessions on duty for vacant land valued between \$300,000 and \$450,000.

To clarify, the exemption will be available for eligible first home buyers purchasing:

1. a vacant block of residential land intended to be the site of a first home. There is no time limit on how long it takes to commence or complete building the home. It is sufficient that the Chief Commissioner is satisfied that the vacant block is intended to be used as the site of a new home to be occupied by the first home owner;
2. a new home (that is a home that has not been previously occupied or sold as a place of residence); and
3. a substantially renovated home. That is a home where substantially all of the building has been removed or replaced (in accordance section 40-75(1)(b) of *A New Tax System (Goods and Services Tax) Act 1999 Cth*) and which has not previously been occupied or sold as a place of residence.

The definition of an eligible purchaser is much the same as under the current First Home Plus scheme and provides that an eligible purchaser is one that is a natural person (i.e. not a company or trust) at least 18 years of age who has not, and whose spouse/de facto has not:

1. at any time owned (either solely or with someone else) residential property in

Australia; and

2. at any time been the holder (either solely or with someone else) of a leasehold interest granted by the Commonwealth in residential property in the Australian Capital Territory.