

Frequently Asked Questions

First Home Buyer Duty Concession

What is the Duty Concession?

The Duty Concession (the concession) is a concessional rate of duty on the purchase of a property by a First Home Buyer. There are two types of concessions available. The first relates to the purchase of established dwellings and the second relates to the purchase of land on which a dwelling is subsequently erected under a comprehensive home building contract by a builder or an owner builder.

A concession of up to a maximum of \$4 000 will be applied to the purchase of established dwellings up to a dutiable value of \$350 000. The maximum concession available in relation to the purchase of vacant land is \$2 400, providing the dutiable value of the vacant land does not exceed \$175 000.

Who is eligible for the Concession?

The concession will be available to applicants who are eligible to receive the First Home Owner Grant ("FHOG") provided the dutiable value of the property is \$350 000 or less for an established dwelling, or \$175 000 or less for the purchase of vacant land. Note: there are additional criteria that need to be met when purchasing vacant land.

FHOG eligibility requirements are:

- At least one of the applicants must be an Australian citizen or have permanent residency in Australia.
- None of the applicants or their spouse/partner can have previously owned a residential property anywhere in Australia prior to 1 July 2000.
- An applicant or their spouse/partner cannot have purchased a residential property on or after 1 July 2000 and occupied that property.
- Applicants must occupy the home purchased or built, as their principal place of residence for a continuous period of 6 months commencing within 12 months of the date of purchase or completion of construction.
- Applicants must be natural persons (that is, not a company) and at least 18 years of age.
- Everyone, who on completion of the transaction will be an owner of the home, must be included as an applicant.

Additional eligibility criteria when purchasing vacant land:

- a dwelling has to be constructed on the property within two years from the date of the agreement for sale or transfer*; and
- a refund application must be received by the State Revenue Office (SRO) no later than three months after completion of the home.

* Note: separate eligibility criteria apply in relation to the Federal Government's First Home Owners Boost Scheme (FHOB).

Further information on the FHOG and FHOB can be obtained by going to the SRO website www.sro.tas.gov.au and follow the FHOG links.

What does dutiable value mean?

The dutiable value of the property is the **greater** of the consideration paid for the property and the unencumbered value of the property. The unencumbered value of the property is the value of the property without making any allowance for encumbrances over the land such as a mortgage.

How do I apply for the concession?

Established dwellings

To apply for the concession you must first obtain approval for the FHOG.

Once you/your financial institution/or approved agent has applied for the FHOG you will receive a Unique Identification Number ("UIN"). The UIN must be provided in order for you to receive the duty concession on the contract or transfer. If the UIN is not known, sufficient details, such as full name and dates of birth for all transferees, must be provided to enable the SRO to match the transaction with a FHOG application.

The Duty Concession will not be processed until such time as the FHOG application has been lodged with the SRO and approved by the Commissioner of State Revenue.

Vacant land

As the concession is not available until such time as a dwelling has been constructed and the FHOG paid, duty must be paid on the initial purchase and a refund applied for at a later date.

An application for refund must be lodged at the SRO within three months of completion of the dwelling. Application forms are available from the SRO website located at www.sro.tas.gov.au.

I purchased my first home or vacant land prior to 20 May 2004, am I eligible for the concession?

No. The concession is only available in relation to first homes and vacant land purchased under dutiable transactions (contract for purchase) that have been entered into on or after 20 May 2004.

I purchased my property prior to 20 May 2004, but it doesn't settle until after that date. Am I eligible for the concession?

No, only dutiable transactions relating to the purchase of a first home or vacant land, entered into on or after 20 May 2004, are eligible for the concession.

I entered into a contract prior to 20 May 2004; if I rescind that contract and enter into another one after 20 May 2004, am I eligible for the concession?

If you cancel an existing contract and enter into a new contract in order to obtain the benefit of the concession, the concessional rate of duty will not apply to the new contract. You should also note that full ad valorem duty would also be payable on the original cancelled contract, in addition to the second contract, unless the Commissioner is satisfied that the original cancelled contract is not dutiable as required by Section 33 of the *Duties Act 2001*. Penalties and interest will be applied if the Commissioner is of the opinion that the existing contract was rescinded as part of a scheme to evade the payment of the correct amount of duty. Additionally, prosecution action may be commenced.

I have bought an investment property; can I receive the concession?

No. The concession is only available to persons eligible for the FHOG. One of the FHOG eligibility criteria is that the purchased property must be occupied as the applicant's principal place of residence for a continuous period of 6 months, within 12 months of the completion of the purchase.

I have purchased a block of vacant land, can I receive the concession?

Yes – provided that you are eligible for the FHOG and:

- a dwelling is constructed on the property within two years from the date of the agreement for sale or transfer; and
- a refund application is received by the State Revenue Office no later than three months after completion of the dwelling; and
- the contract was entered into on or after 20 May 2004.

I have a long term purchase agreement, can I receive the concession?

If a long-term purchase agreement has been entered into on or after 20 May 2004 you will be eligible to receive the concession if you are eligible for the FHOG. For details on long term purchase contracts and FHOG eligibility requirements please refer to Revenue Ruling PUB-FG-2003-2 which is available on the SRO website, www.sro.tas.gov.au.

As payment for the FHOG is determined after the long term purchase contract has been in existence for greater than one year and duty is payable on dutiable transactions (contracts) within 90 days, an extension of time to pay will be made available for contracts affected by this requirement.

I have purchased a house and land package, and I don't know the house finalisation date. Will I receive the concession?

If the house and land package contract was entered into on or after 20 May 2004 and the total value is \$350 000 or less then you would be eligible for the concession.

When I purchased my home or vacant land the concession was not available, can I claim it now?

No, only dutiable transactions entered into on or after 20 May 2004 are eligible for the concession.

What if the duty on the transfer is less than \$4 000 (established dwellings) or \$2 400 (vacant land)? Do I receive the balance as a grant?

No, the concession is the maximum of \$4 000 (established dwellings) or \$2 400 (vacant land) – or what duty would normally have been paid, whichever is the lesser.



The table below details examples of how the concession will apply to the dutiable value of the purchased property:

Dutiable Value	Duty Amount	Duty Payable with concession applied (where applicable)	
		Established Dwelling	Vacant Land
\$ 20 000	\$ 350	Nil	Nil
\$ 30 000	\$ 550	Nil	Nil
\$ 40 000	\$ 800	Nil	Nil
\$ 50 000	\$ 1 050	Nil	Nil
\$ 60 000	\$ 1 300	Nil	Nil
\$ 70 000	\$ 1 550	Nil	Nil
\$ 80 000	\$ 1 825	Nil	Nil
\$100 000	\$ 2 425	Nil	\$ 25
\$120 000	\$ 3 025	Nil	\$ 625
\$140 000	\$ 3 625	Nil	\$ 1 225
\$160 000	\$ 4 275	\$ 275	\$ 1 875
\$175 000	\$ 4 800	\$ 800	\$ 2 400
\$180 000	\$ 4 975	\$ 975	\$ 4 975
\$200 000	\$ 5 675	\$1 675	\$ 5 675
\$220 000	\$ 6 375	\$2 375	\$ 6 375
\$240 000	\$ 7 150	\$3 150	\$ 7 150
\$260 000	\$ 7 950	\$3 950	\$ 7 950
\$280 000	\$ 8 750	\$4 750	\$ 8 750
\$300 000	\$ 9 550	\$5 550	\$ 9 550
\$320 000	\$10 350	\$6 350	\$10 350
\$340 000	\$11 150	\$7 150	\$11 150
\$350 000	\$11 550	\$7 550	\$11 550

This is a guide only. A duty calculator is available on the SRO website. Go to www.sro.tas.gov.au and select "Calculators" under "RESOURCES" and then choose "Transfers of dutiable property".

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