

Real Estate Law News 25 June 2012

CHANGES TO DUTIES ACT 2001 AND BUILDING ACT 1975 NOW PASSED

Further to our newsletter on 31 May 2012, we are delighted to report that changes have now been passed that will be a welcome relief to many in the real estate industry. The *Treasury (Cost of Living) and Other Legislation Bill 2012* was passed on 19 June 2012 which amongst other things:-

1. reinstates the transfer duty home concession; and
2. abolishes the requirement for sellers of residential premises to provide sustainability declarations to prospective buyers.

It is important to note that the Bill is still awaiting royal assent which is expected any day now.

The effect of reinstatement of the home concession

The reinstatement of the transfer duty home concession for buyers of residential property means the rate of transfer duty payable is \$1 for each \$100 for the first \$350,000 of the purchase price of the home with standard rates applying for any part of the purchase price above \$350,000. As previously indicated, this could save home buyers up to \$7,000 which is no doubt a positive in the current marketplace.

Given that occupancy and eligibility requirements still remain together with the anti-avoidance provisions to prevent buyers terminating existing contracts, buyers should seek legal advice where required and we are more than happy to be of assistance in this regard.

The effect on first home buyers

The first home duty concession currently phases out completely for contracts valued at \$600,000 or more. The amendments reduce this amount to \$550,000.00 from 1 July 2012. Please see the table below for more information.

Sustainability Declarations

Upon the Bill receiving royal assent, sellers will no longer be required to provide sustainability declarations to potential buyers of residential property. This will remove the

administrative hassle in addition to risk on sellers for any inaccuracy or mistake in the declaration.

Home Transfer Duty Concession from 1 July 2012

Purchase Price	Duty Payable
Up to \$350,000	\$1 for each \$100 or part of \$100
\$350,001 to \$540,000	\$3,500 plus \$3.50 for every \$100 or part of \$100 over \$350,000
\$540,001 to \$980,000	\$10,150 plus \$4.50 for every \$100 or part of \$100 over \$540,000
More than \$980,000	\$29,950 plus \$5.25 for every \$100 or part of \$100 over \$980,000

First Home Concession from 1 July 2012

Purchase Price	Concession
Not more than \$504,999.99	\$8,750
\$505,000 to \$509,999.99	\$7,875
\$510,000 to \$514,999.99	\$7,000
\$515,000 to \$519,999.99	\$6,125
\$520,000 to \$524,999.99	\$5,250
\$525,000 to \$529,999.99	\$4,375
\$530,000 to \$534,999.99	\$3,500
\$535,000 to \$539,999.99	\$2,625
\$540,000 to \$544,999.99	\$1,750
\$545,000 to \$549,999.99	\$875
\$550,000 or more	nil

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