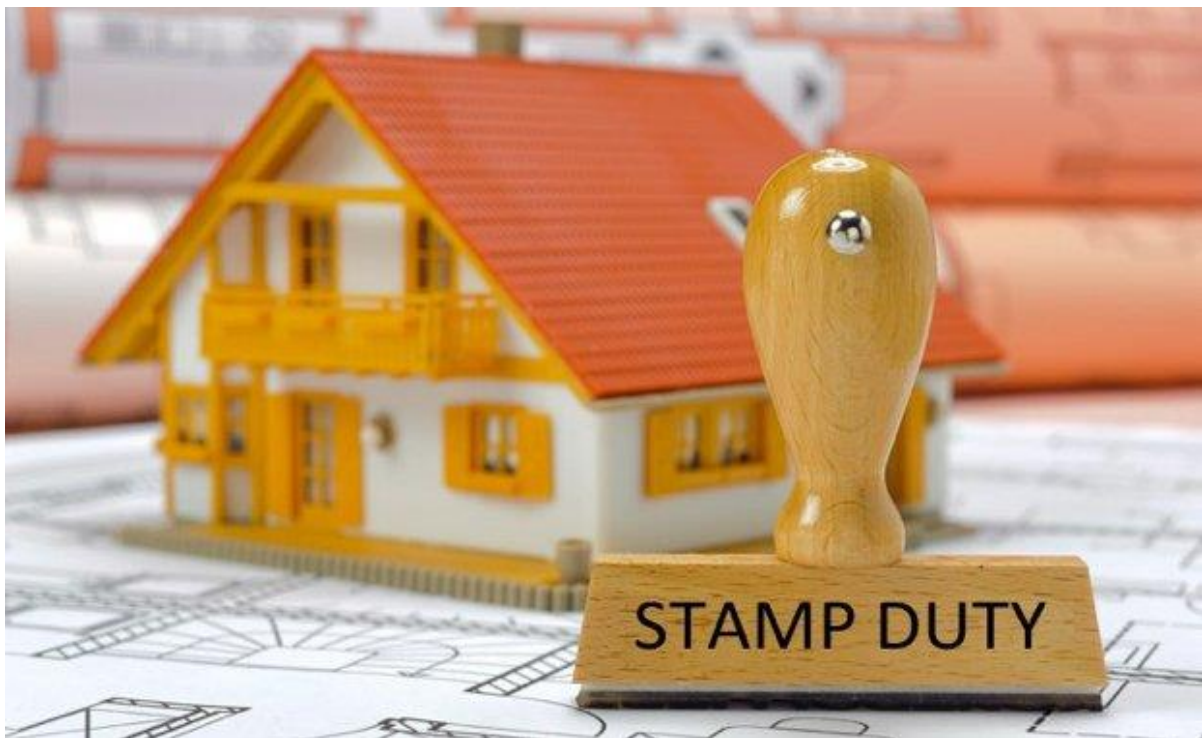


# No more “massive stamp duty savings” for investors: Changes to the Off-the-Plan Duty Concession

From 1 July 2017, purchasers of off-the-plan commercial properties or residential investment properties (not yet constructed) will be liable to pay stamp duty on the purchase price or the market value of the property (whichever is greater).

WRITTEN BY ALEXANDRA SWAN IN PROPERTY SERVICES — MARCH 2017



**In brief:** From 1 July 2017, the availability of the stamp duty concession for off-the-plan purchases in Victoria will be restricted. Find out how this will affect purchasers.

## What you need to know:

- From 1 July 2017, purchasers of **off-the-plan** commercial properties or residential investment properties (not yet constructed) will be liable to pay stamp duty on the purchase price or the market value of the property (whichever is greater).
- **First home buyers** of residential properties (not yet constructed) may be eligible for the off-the-plan duty concession.
- Purchasers of residential properties intended to be the **principal place of residence** (not yet constructed) may be eligible for the off-the-plan duty concession.

## What does it mean for investors?

### Existing Off-the-Plan Duty Concession:

Until now, Victorian purchasers of real estate that was not yet constructed were only required to pay stamp duty on the value of the land and any improvements that were already constructed on the land, as at the date of the contract. The value of any construction or refurbishment that was carried out on or after the contract date and before settlement was disregarded for the purposes of calculating the purchaser's stamp duty liability.

### Government's Proposal:

Under the proposed new regime, which is subject to the State Taxation Acts Amendment Bill 2017 being passed by Parliament, purchasers of real estate that is not yet constructed will not be entitled to a stamp duty concession unless they are:

1. entitled to the first home buyer duty exemption/concession; or
2. entitled to the principal place of residence duty concession.

That is, purchasers of commercial properties or residential investment properties who enter into an off-the-plan contract of sale on or after 1 July 2017 will be liable to pay duty on the purchase price or the market value of the property (whichever is greater).

Purchasers of off-the-plan commercial properties or residential investment properties who entered into a contract of sale before 1 July 2017 will still be entitled to a stamp duty concession, even if their purchase settles on or after 1 July 2017.

## What does it mean for owner-occupiers?

### First Home Buyers:

From 1 July 2017, first home buyers of residential properties that are not yet constructed where the land and any improvements that have already been constructed as at the contract date have a value up to \$750,000 will be eligible for the off-the-plan duty concession.

### Principal Place of Residence Exemption/Concession:

From 1 July 2017, purchasers of residential properties that are not yet constructed where the land and any improvements that have already been constructed as at the contract date have a value of up to \$550,000 will be eligible for the off-the-plan duty concession if they intend to use the property as their principal place of residence.

### **Why the changes?**

The changes are estimated to generate an additional \$841 million in stamp duty revenue, and the Government intends to use this revenue to offer new stamp duty exemptions and concessions to eligible first home buyers.

Useful Link:

<http://www.vic.gov.au/affordablehousing/buying-a-house-in-victoria/re-balancing-the-market.html>

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