

LEGAL MATTERS

Cassab & Associates Solicitors E-Newsletter

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Last month we looked at the **Federal Budget**, and its potential impact on the property sector. This month focus is on the changes introduced by the state government in the **NSW State Budget** delivered on June 21 2016. Foreign investors again seem to be the target of many changes. In our March Newsletter we talked about new laws making it harder for foreign investors to avoid capital gains tax liabilities. This time, the state government is clamping down on the exemptions which foreign investors have previously been privy to, in regards to land tax and stamp duty.

Our door is always open to talk about these issues!

Come and visit, give us a call or send us an email!

We love hearing from you!

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Picture: TheFifthEstate

NSW State Budget 2016

NSW Treasurer, Gladys Berejiklian, released the NSW State Budget on 21 June 2016. The following were among the most significant changes:

Stamp Duty

- 4% surcharge on stamp duty payable by foreign purchasers of residential real estate, effective immediately.
- No more 12 month deferral for payment of stamp duty by foreign purchasers of off-the-plan residential properties.

Land tax

- 0.75% surcharge on land tax to the taxable value of residential land owned by a foreign person. This surcharge is effective from midnight 31 December 2016 and years thereafter.

Inspiration for the month:

Every success starts with a decision to try...

What do these changes mean??

As an example, a Sydney Morning Herald [article](#) has forecasted that based on the Sydney median **house** price of \$995,804, stamp duty for foreign purchasers will rise from the previous \$40,305 to \$80,137 - almost double the amount of duty payable by an Australian resident!

These changes do **not** apply to Australian citizens and residents, nor do they apply to New Zealanders who have stayed in Australia for more than 200 days in the last calendar year. The changes only affect those who are classified as foreign persons under the *Foreign Acquisitions and Takeovers Act 1075 (Cth)*. This includes, without limitation:

- Individuals not ordinarily resident in Australia;
- Some foreign corporations depending on the interest that they hold;
- Some trustee's of a trust which are not ordinarily resident in Australia, depending on the interest that they hold; and
- Any other person that meets the conditions as prescribed by the regulations.

For more information, you may wish to visit the OSR website [here](#). Alternatively, come and talk to us about it!