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FIRST HOME BUYER INCENTIVES

At the moment, first home buyers have a variety of government incentives available to them to assist with buying your first home, a brief explanation of *some* of the most sought after incentives offered by both the state and federal government are summarised as follows:

Home Builders Scheme

The most recent federal government incentive is known as the Homebuilder scheme which has been introduced as a result of COVID-19. This incentive provides eligible home buyers (including first home buyers) with a \$25,000 grant to put towards a new home up to the value of \$750,000.00 or substantial renovations of an existing home where the value of the renovation contract is between \$150,000.00 and \$750,000.00 provided the property value does not exceed \$1,500,000.00 (pre-renovation). Contracts to build or renovate must be signed between 4 June 2020 and 31 December 2020 and construction must commence within 3 months from the date of the contract.

There is also eligibility criteria you must meet including a cap on single and combined incomes based on your taxable income for the 2018-2019 financial year.

First Home Owners Grant

This is the most common and known about scheme of the federal government. This scheme eligible first homeowners with a \$10,000 cash grant which you can put towards your new home.

First Home Buyer Assistance Scheme

This is the NSW scheme to assist first home buyers of new and existing dwelling with concessions or exemptions of stamp duty on the purchase of their new home. First home buyers will receive a full exemption from Stamp duty on their purchase of a new home if valued at less than \$800,000.00 with a concessional duty applied for homes between \$800,000.00 and \$1,000,000.00 exemption to duty applies for a purchase of an existing home up to \$650,000.00 with concessions applied on duty payable for existing homes purchased between \$650,000.00 and \$800,000.00 exemptions for vacant land apply to land valued at less than \$400,000.00 and concessions applied to duty payable on vacant land purchased between \$400,000.00 and \$500,000.00.

Loan Deposit Scheme

The first home loan deposit scheme is another scheme the federal government have introduced and it allows purchasers to place as little as a 5% deposit to secure their finance. The federal government will guarantee up to 15% of your loan, meaning that you will not need to take out expensive Lenders Mortgage Insurance, which applies to all loans to the value of 80% of the purchase/value of the property being purchased. This scheme is available with limited lenders and subject to limited availability so ensure you ask your bank or mortgage broker how you can apply for this incentive.

The above is simply a summary of some of the incentives available to first home buyers and if you think you may be eligible for any of the abovementioned incentives or others not mentioned in this article, please ensure you ask

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IMPORTANT the material contained in this Newsletter is merely general commentary. The facts of each particular situation vary as does legislative and judicial interpretation of the law commented upon. The comments and information herein do not represent a legal or professional service. Advice should be sought from Meehans Solicitors before acting in any of these areas.

one of our qualified property Solicitors for more detailed advice.

FOREIGN PERSONS SURCHARGE DUTY – WHEN DOES IT APPLY?

Foreign buyers who purchase residential property in New South Wales are required to pay an additional 8% surcharge duty **in addition** to ordinary stamp duty upon purchase of a property either solely or with another person.

So who constitutes a “foreign” buyer for stamp duty purposes in New South Wales? Essentially a Foreign buyer is anyone other than a person who is an Australian Citizen. If you are not an Australian citizen, you may still avoid the surcharge duty if you qualify for an exemption. Exemptions apply to any “foreign” buyer who:

1. Is an Australian permanent resident;
2. Is a New Zealand citizen with a subclass 444 visa;
3. Holds a partner (provisional) visa (subclass 309 or 820); or
4. Holds a retirement visa (Subclass 405 or 410).

If you fall into any of the above categories **and** you can prove you are “Ordinarily resident in Australia”, you will be exempt from the surcharge duty of 8%. To prove you are ordinarily a resident in Australia you must have lived in Australia for at least 200 days within the 12 months before your purchase a property. To prove this residency requirement you need to order and provide to Revenue NSW a Movement Record from the Department of Home Affairs.

If you think you may be liable for surcharge duty or that you may be eligible for an exemption from the surcharge duty and want to know more, please contact one of our property lawyers who can assist you with more detailed advice on the Surcharge duty applicable to buyers in New South Wales.

MERRY CHRISTMAS

Paul Meehan and his team would like to take this opportunity to wish you all a very Merry Christmas and safe and happy New Year.

Our offices will be closed from 5:00pm on Wednesday 23rd December 2020 and re-open at 8:30am on Monday 11th January 2021.

Should you need us during this time you are welcome to call our Helpline on **0418373237** where one of our friendly team members will do all that they can to assist you.

171-179 QUEEN STREET
CAMPBELLTOWN
PHONE: 46 27 3333 (& NARELLAN)
OR

2/31 OXFORD ROAD,
INGLEBURN
PHONE: 9829 3333
OR

6/22A SOMERSET AVENUE
NARELLAN

HELPLINE 0418 37 32 37



(Paul Meehan – Principal)

Visit our website:-

Website: www.meehans.com.au

Email: info@meehans.com.au

Find us on:

