

State Budget 2011-12

Assistance for Home Buyers

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The Victorian Budget 2011-12 implements several initiatives to support first home buyers, pensioners and concession cardholders.

The initiatives introduced in the 2011-12 Budget are:

- land transfer duty cuts for first home buyers from 1 July 2011.
- extending the First Home Bonus for new homes until 30 June 2012; and
- broadening the pensioner and concession cardholder land transfer duty concession.

First Home Buyers

Reducing Land Transfer Duty for First Home Buyers

For settlement dates from 1 July 2011, first home buyers will become eligible for cuts to land transfer duty for purchasing homes worth up to \$600 000.

Scheduled introduction of first home buyer concession

	1 July 2011	1 January 2013	1 January 2014	1 September 2014
Land Transfer Duty Cut	20%	10%	10%	10%
		(30% Cumulative)	(40% Cumulative)	(50% Cumulative)

The concession will begin with a 20 per cent cut, culminating in a 50 per cent reduction in duty payable by 1 September 2014, saving home buyers up to \$15 535 in duty payable.

Duty savings to first home buyers

Value of Property*	Present Stamp Duty (Principal Place of Residence)	20% Cut Pay	50% Cut Pay	20% Cut Saving	50% Cut Saving
\$200 000	\$6 370	\$5 096	\$3 185	\$1 274	\$3 185
\$300 000	\$11 370	\$9 096	\$5 685	\$2 274	\$5 685
\$400 000	\$16 370	\$13 096	\$8 185	\$3 274	\$8 185
\$500 000	\$21 970	\$17 576	\$10 985	\$4 394	\$10 985
\$565 000	\$28 970	\$21 176	\$14 485	\$5 794	\$14 485
\$600 000	\$31 070	\$24 856	\$15 535	\$6 214	\$15 535

* The REIV median price for a house in Melbourne was \$565 000 in the March Quarter 2011

Extending the First Home Bonus

For the purchase and construction of new homes, the First Home Bonus (FHB) initiative is being extended throughout Victoria until 30 June 2012.

First home buyers may be eligible for the FHB of \$13 000 if purchasing or constructing a new home worth up to \$600 000 in metropolitan Melbourne, or \$19 500 if the home is in regional areas.

The First Home Owner Grant (FHOG) of \$7 000 is still available for all eligible first home buyers purchasing any new home valued up to \$750 000. This brings the total of first home buyer entitlements to up to \$20 000 for metropolitan buyers and \$26 500 for regional buyers.

The Regional Bonus applies to eligible first new home purchases located in regional Victoria. A list of eligible regional municipalities is available on the State Revenue Office website.

Pensioner and Concession Cardholder Concessions

From 1 July 2011, the current pensioner and concession cardholder land transfer duty concession threshold will be extended from \$440 000 to \$750 000. The concession will also be made available to self-funded retirees who hold a Commonwealth Seniors Health Card.

Eligible pensioners and concession cardholders will continue to receive a full duty exemption for residential properties valued up to \$330 000 that are purchased as their principal place of residence.

Individuals holding a Pensioner Concession Card, a Centrelink Health Care Card, or a Department of Veteran Affairs Gold Card are all eligible for the concession, provided the applicant has not previously received it. Eligible pensioners who also qualify for the First Home Bonus can choose to take either the First Home Bonus or the pensioner concession.

Duty savings to pensioners and concession cardholders

Property Cost	Full Tax Paid – No Exemption	Duty Payable prior to 1 July 2011	Duty Payable from 1 July 2011
\$300 000	\$11 370	\$0	\$0
\$330 000	\$12 870	\$0	\$0
\$400 000	\$16 370	\$11 690	\$5 645
\$500 000	\$21 970	\$21 970	\$14 309
\$600 000	\$31 070	\$31 070	\$26 474
\$700 000	\$37 070	\$37 070	\$35 538

Ongoing Home Buyer Assistance

Eligibility for the principal place of residence duty concession

First home buyers will continue to be able to receive both the FHB and the principal place of residence (PPR) concession for land transfer duty on land transfers.

The PPR concession is available to eligible first home purchases valued between \$130 000 and \$550 000.

Table 4: PPR land transfer duty concession rate scale

Property Cost	Duty Payable
Up to \$25 000	1.4% of the value of the property
\$25 001 - \$130 000	\$350 plus 2.4% of the value in excess of \$25 000
\$130 001 - \$440 000	\$2 870 plus 5% of the value in excess of \$130 000
\$440 001 - \$550 000	\$18 370 plus 6% of the value in excess of \$440 000
\$550 001 - \$960 000	\$28 070 plus 6% of the value in excess of \$550 000
\$960 001 and over	5.5% of the value of the property

Off-the-Plan concession

The Victorian Government offers a unique concession for purchasing property off the plan. The concession applies to purchases of land and building packages or refurbished lots allowing a deduction from the contract price of the cost of construction or refurbishment that occurs on or after the contract date.

Effectively, purchasers pay duty on the improved value of the land, the non-deductible costs and the completed construction or refurbishment including GST as at the contract date.

Typically, construction will not yet have started at the date of contract, or is incomplete at this date.

Further Information

For further information, please contact the State Revenue Office (SRO) at 121 Exhibition Street, Melbourne, 3000, telephone 132 161, or refer to the SRO website at www.sro.vic.gov.au.