

Tax insights

New South Wales and Queensland property tax increases for foreign owned land



On Tuesday, 14 June 2016 both New South Wales and Queensland announced property tax increases for foreign purchasers of residential land.

In New South Wales, the government announced a 4% stamp duty surcharge to apply from 21 June 2016 for foreign purchasers of residential real estate (this brings stamp duty from 5.5% or 7% for premium properties to 9.5%/11% for foreign purchasers). Also, a 0.75% annual surcharge for land tax for foreign owned land will apply from the 2017 land tax (bringing the top rate from 2% to 2.75%).

In Queensland, the government announced a 3% stamp duty surcharge to apply from 1 October 2016 for foreign purchasers of residential real estate (this brings stamp duty from 5.75% to 8.75%).

At the moment, no legislation is available for these – however, the expectation is that the stamp duty will apply for contracts entered into from 21 June in New South Wales or 1 October in Queensland.

New South Wales also announced the full abolition of business transfer duty, share transfer duty and mortgage duty from 1 July 2016.

At the moment, it is not clear if these States will follow Victoria and given an opportunity for foreign owned developers of land to apply for a discretionary exemption from stamp duty on the purchase of property for development.

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