

Information Circular No: 19

First Home Owner Grant 2000

First Home Bonus Grant

Issued 19 January 2011

Background

As part of the State Budget handed down on 16 September 2010, the Government announced the retargeting and enhancement of the First Home Bonus Grant.

The *Statutes Amendment (Budget 2010) Act 2010*, which was assented to by His Excellency the Governor on 18 November 2010, amends the *First Home Owner Grant Act 2000* (the "Act") with effect from 17 September 2010.

First Home Bonus Grant from 17 September 2010

First home owners who qualify for the First Home Owner Grant (FHOG) in relation to an 'eligible transaction' entered into on or after 17 September 2010 may also be eligible for a First Home Bonus Grant of up to \$8000 (the "\$8000 Bonus").

The \$8000 Bonus is available in relation to a 'new home' with a 'market value' of up to \$400 000 and phases out where the market value of the home is between \$400 000 and \$450 000.

An '*eligible transaction*' for the \$8000 Bonus is:

- a) a contract for the purchase of a new home;
- b) a comprehensive home building contract for the construction of a new home; or
- c) the building of a new home by an owner builder.

The \$8000 Bonus is not available where the eligible transaction is for the purchase of an existing home, however, these first home owners will still continue to receive the FHOG of \$7000 provided all eligibility criteria are met.

Definition of a New Home for \$8000 Bonus

'*New home*' means a home that has not been previously occupied or sold as a place of residence and includes a 'substantially renovated home'.

'*Substantially renovated home*' - a home is a substantially renovated home if:

- a) the sale of the home is, under the *A New Tax System (Goods and Services Tax) Act 1999* [Cwlth], a taxable supply as a sale of new residential premises within the meaning of Section 40-75(1)(b) (Meaning of new residential premises); and
- b) the home, as renovated, has not been previously occupied or sold as a place of residence.

First Home Bonus Grant between 5 June 2008 and 16 September 2010

First home owners who qualify for the First Home Owner Grant (FHOG) in relation to an 'eligible transaction' entered into between 5 June 2008 and 16 September 2010 may also be eligible for a First Home Bonus Grant of up to \$4000 (the "\$4000 Bonus").

The \$4000 Bonus is available in respect of first homes with a market value up to \$400 000 and phases out where the market value of the home is between \$400 000 and \$450 000.

An *'eligible transaction'* for the \$4000 Bonus is:

- a) a contract made for the purchase of a home;
- b) a comprehensive home building contract made by the owner of land, or a person who will on completion of the contract, be the owner of land, to have a home built on the land; or
- c) the building of a home by an owner builder.

Common Definitions

The following definitions apply to both the \$8000 Bonus and the \$4000 Bonus.

Market Value

The 'market value' of a home to which the eligible transaction relates is:

- ▶ in the case of a contract for the purchase of a home:
 - the consideration for the purchase of the property (land, home and any other improvements); or
 - where that consideration is less than the market value, then the market value of the property (land, home and any other improvements) on which the home is situated as at the time when the contract is made as determined by the Commissioner.
- ▶ in the case of a comprehensive home building contract:
 - the sum of the consideration for the comprehensive home building contract and the market value of the property (land) on which the home is to be built as at the time when the building contract is made; or
 - where the consideration for the relevant building work is less than the actual costs to build the home, the sum of the actual costs to build the home as determined by the Commissioner and the market value of the property (land and any other improvements) on which the home is to be built as at the time the building contract is made as determined by the Commissioner.
- ▶ in the case of the building of a home by an owner builder:
 - the market value of the property (land, home and any other improvements) on which the home is situated as at the time the home is completed and ready for occupation as a place of residence as determined by the Commissioner.

To avoid doubt, the market value of any property on which a home is situated will be the market value of the land, the home and any other improvements.

Market Value of a Home on a Genuine Farm

If the eligible transaction relates to a home on a 'genuine farm', for the purposes of determining the market value, the 'relevant component' of the farm is taken to constitute the property on which the home is situated, or is to be built.

'Genuine farm' means land as to which the Commissioner is satisfied:

- a) the land is to be used for primary production by the first home owner; and
- b) the land is, by itself, or in conjunction with other land owned by that person, capable of supporting economically viable primary production operations.

'Relevant component' of a genuine farm means that part of the farm constituted by the home and its curtilage, or the part of the land that is to constitute the site and curtilage of a home that is to be built. Whilst 'curtilage' is not defined in the Act, the Commissioner considers 'curtilage' to be the area generally regarded as the house block of the property. Each case will be considered on its individual merits.

Market Value of a Non-Conforming Interest

In the unusual situation where the first home owner is entitled to First Home Bonus Grant by virtue of the recognition of a non-conforming interest as a relevant interest via the operation of Section 5(4) of the Act, the market value is determined in accordance with Section 18BB(3) of the Act.

Market Value Methodology

The Commissioner may adopt or approve any method considered reasonable for the purposes of determining any value or costs in relation to market value, including by requiring that a valuation of property be made by a person appointed or approved by the Commissioner. In that situation, the Commissioner may, having regard to the merits of the case, charge the whole or any part of the expenses of, or incidental to, the making of the valuation to the applicant(s) and may recover the amount so charged from the applicant(s) as a debt due to the Crown.

Whilst the Commissioner will generally accept a site value in the relevant year by the Valuer-General (as used for rating purposes) as the market value of land, the Commissioner will where necessary refer a matter requiring valuation to the Valuer-General.

False Claims and Penalties

There are substantial penalties for dishonestly providing incorrect or misleading information in connection with an application for the first home benefits. RevenueSA conducts investigations and compliance checks to ensure FHOG and First Home Bonus Grant benefits are only provided to applicants entitled to receive them.

RevenueSA audits applications with current and historical data held by commercial organisations and by state and territory agencies.

How to Apply

Information on how to apply for a FHOG and the First Home Bonus Grant is available on the RevenueSA website.

Further Information

Further information can be obtained from RevenueSA.

Location	RevenueSA State Administration Centre 200 Victoria Square East ADELAIDE SA 5000
Postal	Commissioner of State Taxation RevenueSA GPO Box 1353 ADELAIDE SA 5001
Telephone	(08) 8226 3750
Facsimile	(08) 8226 3737
Email	fhog.support@sa.gov.au
Website	www.revenuesa.sa.gov.au

Mike Walker
COMMISSIONER OF STATE TAXATION

19 January 2011