

SOUTH AUSTRALIA



RevenueSA

First Home Owner Grant

Circular No 219

FIRST HOME OWNER GRANT (NEW HOMES) AMENDMENT ACT 2001

The *First Home Owner Grant (New Homes) Amendment Act 2001* (the "Amendment Act") was assented to on 26 July 2001.

The Amendment Act operates from 9 March 2001, with the exception of section 4 (imposing an age restriction on applicants), which operates from 30 May 2001.

The information contained in this Circular is provided as a guide to the effect of the legislation. The precise nature and scope of the amendments must be taken from reading the provisions as set out in the Amendment Act.

On 9 March 2001, the Prime Minister announced an additional \$7,000 First Home Owner Grant ("FHOG") for persons purchasing or constructing a new home, as a measure to provide short-term stimulus to the housing sector.

A grant of \$14,000 or an amount equal to the consideration for the eligible transaction, whichever is the lesser, will be available to eligible first home buyers purchasing or constructing a new home.

ELIGIBILITY CRITERIA

To be eligible for the additional \$7,000 grant, applicants must first satisfy all of the eligibility requirements for the existing \$7,000 grant, contained in the *First Home Owner Grant Act 2000* (refer to RevenueSA Circular No 200).

In addition, to qualify for the additional FHOG, an applicant must have, between 9 March 2001 and 31 December 2001 (both dates inclusive):-

1. entered into a contract for the purchase of a new home or a substantially renovated home; or
2. entered into a comprehensive home building contract for a new home; or
3. in the case of an owner builder, commenced the building of a new home.

From 1 January 2002, the grant in respect of new homes will revert to \$7,000.

An applicant will **not** be eligible for the additional FHOG if the Commissioner is satisfied that the contract replaces a contract made before 9 March 2001, that was a contract to purchase the same home or a comprehensive home building contract to build the same or a substantially similar home.

Purchase of a new home or a substantially renovated home

A new home is a home that has not been previously occupied or sold as a place of residence.

A home is a substantially renovated home if the sale of the home is, under *A New Tax System (Goods and Services Tax) Act 1999* (Cth), a taxable supply as a sale of new residential premises within the meaning of sections 40-75(1)(b) of that Act, and the home, as so renovated, has not been occupied or sold as a place of residence.

Comprehensive home building contract for a new home

In respect of the construction of new homes, building work must start within 16 weeks of the date of the contract, or such longer period as the Commissioner may, in particular circumstances, allow. Furthermore, the contract must specify a completion date within 12 months of the date of commencement of construction, or if a completion date is not specified in the contract, completion must occur within 12 months of the building work being commenced.

A contract to purchase a new home on a proposed lot in an unregistered plan of subdivision of land (an “off-the-plan” purchase) is an eligible transaction for the purposes of the additional FHOG if the contract states a completion date before 1 May 2003 or, if it does not state a completion date, the contract is completed before that date.

Building work commences when laying the foundations for the home commences, and is completed when the building is ready for occupation as a home.

Owner builders

Owner builders must complete construction of their new home before 1 May 2003.

APPLICANTS TO BE AT LEAST 18 YEARS OF AGE

The amending Act imposes an age restriction of 18 years and over on applicants for the FHOG (for either the \$7,000 or \$14,000 grant). These provisions operate from 30 May 2001.

The Commissioner may exempt an applicant from this requirement if the Commissioner is satisfied that the home to which the application relates will be occupied by the applicant as their principal place of residence within 12 months after the completion of the eligible transaction (or a longer period approved by the Commissioner), and the application does not form part of a scheme to circumvent limitations on or requirements affecting, eligibility or entitlement to the FHOG.

Further information regarding the FHOG may be found in Circular No. 200 and Circular No. 206.

FURTHER INFORMATION

Location

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COMMISSIONER OF STATE TAXATION

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