

THOMSON GEER

LAWYERS

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Domestic & Cross Border

PROPERTY ALERT

NON-RESIDENTIAL DUTY SURCHARGE AND ABSENTEE OWNER LAND TAX SURCHARGE

10 JUNE 2015

From 1 July 2015 the Victorian Government will impose additional tax on foreign purchasers and absentee owners.

NON-RESIDENT DUTY SURCHARGE

A 3% surcharge will be imposed on 'foreign purchasers' of residential property from 1 July 2015 (the surcharge will not be applied retrospectively).

A foreign purchaser is:

- a foreign natural person (a person that is not an Australian or New Zealand citizen or permanent resident of Australia);
- a foreign corporation (a corporation incorporated outside of Australia or a corporation in which a foreign person has a controlling interest); or
- a trustee of a foreign trust (a trust in which a foreign corporation, a foreign natural person or another person that holds a substantial interest as trustee of another foreign trust).

The surcharge will only apply to residential property. However if the foreign person purchases property that is non-residential and at a later date intends to affix a building on the land for residential purposes or a place of residence, then the property will become subject to the surcharge (the foreign person will then be required to lodge a notice with the Commissioner within 14 days of their intention to use the property as residential property).

Land owned by a foreign person that is the subject to the surcharge will not be entitled to the general concessions or exemptions ie. transfers between spouses, transfers to trusts etc.

ABSENTEE OWNERS

An additional 0.5% land tax surcharge will be imposed on absentee owners on and from the 2016 land tax year. An absentee owner is:

- a natural person absentee (a person that is not an Australian or New Zealand citizen or permanent resident of Australia);
- an absentee corporation (a corporation incorporated outside of Australia or a corporation in which an absentee person has a controlling interest); or
- a trustee of an absentee trust (a trust that has at least one absentee beneficiary).

The surcharge will not apply if the property is owned by joint owners, one of whom is not an absentee owner.

Notification of an absentee owner status must be lodged by 15 January of the following year. Failure to lodge this notification may result in substantial penalties of 75% of the additional amount of tax payable.

EXEMPTION

Applications can be made to the Treasurer for an exemption from both the non-resident duty surcharge and absentee owner surcharge. Exemptions are granted at the Treasurer's discretion and will be subject to certain criteria.

GUIDELINES

Guidelines have been prepared on both surcharges:

[Non-Resident Duty Surcharge](#)

[Absentee Owner Surcharge](#)

CONTACT

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