

# Legal Q&A

## Your legal questions answered

**With its latest stamp duty changes, has the Queensland government given with one hand and taken away with the other?**

### Stamp duty and the Building Boost Grant

**Q** I'm looking at purchasing an off-the-plan investment property in Townsville, and have heard that there's a new incentive for buying a new dwelling. However, I've also heard that stamp duty has gone up. Does this wipe out any benefit of the incentive?

**A** There has already been much discussion and debate concerning the new Queensland Building Boost Grant of \$10,000 which became available from 1 August 2011.

If you are acquiring a new home in Queensland before 31 January 2012 you may be eligible for this grant if you:

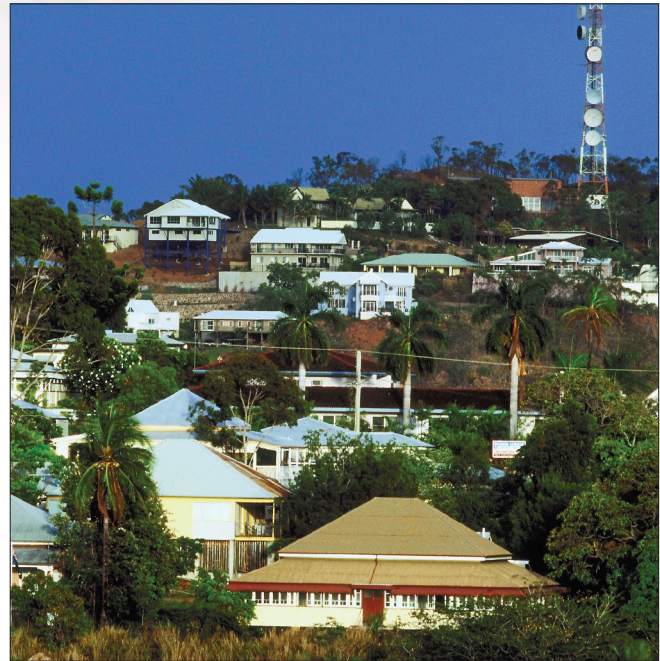
- enter into a new contract to purchase a new home; or
- enter into a building contract to have a new home built; or
- commence building a new home as an owner-builder

The grant is available to buyers and investors but is not automatic. There are other eligibility requirements that must be met, including:

- that the value of the property be less than \$600,000
- occupancy requirements within 12 months of ownership
- certain time limits applying for construction of the new home

However, the stamp duty rates on purchasing homes have also been changed. At the same time the Queensland government was making available the \$10,000 Building Boost Grant to those who are eligible for such grant, the home concession stamp duty rate was abolished. This is the stamp duty concession that people who are not first homebuyers receive when buying a home to live in as their principal place of residence. So, what does this mean for those deciding whether to buy a new home in the current market?

For example, if a couple was contemplating buying a home for \$500,000 to live in as their principal place of residence before the change, the stamp duty payable would



» Before the change, for example, the stamp duty would have been \$8,750. Now, the same transaction will cost approximately \$15,525

have been \$8,750. Now, the same transaction will cost homebuyers approximately \$15,525 in stamp duty. Even if the same homebuyer was eligible for the \$10,000 Building Boost Grant, most of this would be used towards payment of the additional stamp duty under this transaction. In other words, the buyer will not have an extra \$10,000 boost towards their new home.

For those investors looking at buying an investment property, in the same example given above, the stamp duty payable is now actually slightly less (by \$400) than the amount payable before the change. However, unlike the homebuyer in the above example, the investment buyer (if eligible) will be able to use the entire \$10,000 building boost for the purchase of their investment property.

Therefore, these changes certainly appear to favour the investor, not the homebuyer.

There is currently a Queensland Building Boost Grant eligibility tester available online at [www.budget.qld.gov.au/current-budget/tax-reform/qnhb-grant-decision-tree.shtml](http://www.budget.qld.gov.au/current-budget/tax-reform/qnhb-grant-decision-tree.shtml) to find out if you are eligible for the grant.

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### Legal expert



#### Despina Priala

Despina is principal of Priala Legal and specialises in providing boutique legal services to developers and other property players. She can be contacted at [despina@prialalegal.com.au](mailto:despina@prialalegal.com.au) or on (07) 5527 8796