

2008-09 budget

Assistance for homebuyers

The Victorian Government has implemented a number of reforms aimed at making home ownership easier for Victorians including implementing the 2006 election policy to introduce a Principle Place of Residence (PPR) concession on stamp duty on land transfer.

The 2008-09 Budget taxation measures build on these reforms and are valued in excess of \$420 million over the next 4 years, consisting of:

- enabling first homebuyers to receive both the PPR duty concession and the Bonus;
- introducing a \$3 000 Regional First Home Bonus for new homes; and
- an adjustment of around 10 per cent to stamp duty on land transfers thresholds;.

First Homebuyers

Eligibility for the principal place of residence duty concession

The 2008-09 Budget delivers assistance to first homebuyers by enabling them to receive both the First Home Bonus and the principal place of residence (PPR) stamp duty on land transfers concession. This initiative is worth \$63 million in 2008-09.

This reform offers progressively rising savings on the duty payable to first home purchases valued between \$115 000 and \$550 000. A first homebuyer purchasing a median priced house in Melbourne (\$432 500) will receive a 17 per cent cut in land transfer duty, delivering a saving of \$3 615. (Table of savings – attachment 1)

This concession will be provided in addition to the Victorian Government funded \$7 000 First Home Owners Grant (FHOG) and the \$3 000 or \$5 000 First Home Bonus for established or newly constructed first home purchases respectively.

The combination of the PPR concession and Bonus will only be available to eligible purchases valued up to \$500 000, reflecting the eligibility conditions of the Bonus. The FHOG is provided to eligible first homebuyers, irrespective of the value of their property purchase.

Around 40 000 first homebuyers are expected to benefit from this measure every year, with around 22 000 being exempt from paying stamp duty when the value of the PPR concession, the FHOG and the Bonus is combined.

This measure is expected to complement the success of the Bonus, which is the only scheme in Australia that offers a cash bonus on top of the \$7 000 FHOG. Since its introduction in May 2004, over 136 000 first homebuyers have received the Bonus and Victoria has consistently had the highest proportion of homebuyers that are first homebuyers of any State.

Regional First Home Bonus

The Victorian Government is also introducing an additional First Home Bonus for regional Victorians worth \$3 million in 2008-09. For contracts entered into on or after Budget day,

an additional \$3 000 will be available to first homebuyers purchasing newly constructed homes in regional Victoria until 30 June 2009.

The Regional Bonus is on top of the \$7 000 FHOG and the \$5 000 Bonus for newly constructed homes. This means an eligible first homebuyer in regional Victoria is entitled to receive a total of \$15 000 in cash-grant assistance toward their first home.

The Regional Bonus will apply to eligible first home purchases located in regional Victoria (Attachment 2).

Stamp duty on land transfers – threshold adjustments

The 2008-09 Budget delivers an adjustment of around 10 per cent to all thresholds of the general stamp duty on land transfers, PPR concession, and pensioner and concession cardholder's concession rates.

The PPR duty concession thresholds will be increased as follows:

- the lowest concession threshold increases from \$20 000 to \$25 000
- the mid-range concession thresholds increase from \$115 000 to \$130 000, \$400 000 to \$440 000 and \$500 000 to \$550 000; and
- the highest concession threshold increases from \$870 000 to \$960 000

This reform represents the first major revision of the general stamp duty on land transfer thresholds in 10 years and offers a saving of \$440 on the duty payable to non-first home purchases valued between \$130 000 and \$400 000, progressively rising to a maximum saving of \$3 690 for non-first home purchases valued over \$400 000 up to \$550 000. Non-first home purchases valued above \$550 000 up to \$870 000 receive a \$590 saving on the duty payable. The one-off adjustment to the duty thresholds will save homebuyers \$332 million over four years.

Table 1 – New PPR stamp duty on land transfers concession rate scale

<i>Value of property transferred</i>	<i>Duty payable</i>
Up to \$25 000	1.4% of the value of the property
\$25 001 - \$130 000	\$350 plus 2.4% of the value in excess of \$25 000
\$130 001 - \$440 000	\$2 870 plus 5% of the value in excess of \$130 000
\$440 001 - \$550 000	\$18 370 plus 6% of the value in excess of \$440 000
\$550 001 - \$960 000	\$28 070 plus 6% of the value in excess of \$550 000
\$960 001 and over	5.5% of the value of the property

Pensioner and Concession Cardholder Concessions

The 2008-09 Budget also increases the pensioner and concession cardholders' duty concession thresholds, the fourth increase since 1999.

The threshold for a full stamp duty on land transfers concession increases from \$300 000 to \$330 000 and the threshold for a partial concession increases from \$400 000 to \$440 000. Pensioners and concession cardholders also benefit from the PPR stamp duty concession.

As a result, these reforms deliver real stamp duty savings for pensioners and concession cardholders, as illustrated by the table below.

Table 2 – Duty savings to pensioners and concession cardholders

Consideration	Full tax paid - no exemption	Duty paid under new thresholds	Savings from new thresholds
\$300 000	\$11 370	\$0	\$11 370
\$330 000	\$12 870	\$0	\$12 870
\$380 000	\$15 370	\$8 350	\$7 020

Over 1 600 pensioners and concession cardholders stand to benefit from these reforms, including an additional 400 pensioners and concession cardholders who would not be eligible if the thresholds were not increased. This is in addition to the 6 000 pensioners and concession cardholders who have benefited from the pensioner concession scheme in the last year.

Individuals holding a Pensioner Concession Card, a Centrelink Health Care Card, or a Department of Veteran Affairs Gold Card are all eligible for the concession, provided the applicant has not previously received the concession. Eligible pensioners who also qualify for the First Home Bonus can choose to take either the First Home Bonus or the pensioner concession.

This scheme is among the most generous of all Australian States and Territories, with Victoria being the only State to provide such broad assistance to pensioners and concession cardholders.

Further Information

All stamp duty on land transfer and Bonus related measures announced in the 2008-09 Budget take effect for contracts entered into on or after Budget Day (6 May 2008).

For further information, individuals should contact the State Revenue Office (SRO) at 121 Exhibition Street, Melbourne, 3000, telephone 132 161, or refer to the SRO website at www.sro.vic.gov.au.

Attachment 1 – Stamp Duty on Land Transfers Savings for First Homebuyers

Consideration	Current Duty*	New Duty	Saving (\$)	Saving (%)
\$100 000	\$2 200	\$2 150	\$50	2%
\$110 000	\$2 440	\$2 390	\$50	2%
\$120 000	\$2 860	\$2 630	\$230	8%
\$130 000	\$3 460	\$2 870	\$590	17%
\$140 000	\$4 060	\$3 370	\$690	17%
\$150 000	\$4 660	\$3 870	\$790	17%
\$160 000	\$5 260	\$4 370	\$890	17%
\$170 000	\$5 860	\$4 870	\$990	17%
\$180 000	\$6 460	\$5 370	\$1 090	17%
\$190 000	\$7 060	\$5 870	\$1 190	17%
\$200 000	\$7 660	\$6 370	\$1 290	17%
\$210 000	\$8 260	\$6 870	\$1 390	17%
\$220 000	\$8 860	\$7 370	\$1 490	17%
\$230 000	\$9 460	\$7 870	\$1 590	17%
\$240 000	\$10 060	\$8 370	\$1 690	17%
\$250 000	\$10 660	\$8 870	\$1 790	17%
\$260 000	\$11 260	\$9 370	\$1 890	17%
\$270 000	\$11 860	\$9 870	\$1 990	17%
\$280 000	\$12 460	\$10 370	\$2 090	17%
\$290 000	\$13 060	\$10 870	\$2 190	17%
\$300 000	\$13 660	\$11 370	\$2 290	17%
\$310 000	\$14 260	\$11 870	\$2 390	17%
\$320 000	\$14 860	\$12 370	\$2 490	17%
\$330 000	\$15 460	\$12 870	\$2 590	17%
\$340 000	\$16 060	\$13 370	\$2 690	17%
\$350 000	\$16 660	\$13 870	\$2 790	17%
\$360 000	\$17 260	\$14 370	\$2 890	17%
\$370 000	\$17 860	\$14 870	\$2 990	17%
\$380 000	\$18 460	\$15 370	\$3 090	17%
\$390 000	\$19 060	\$15 870	\$3 190	17%
\$400 000	\$19 660	\$16 370	\$3 290	17%
\$410 000	\$20 260	\$16 870	\$3 390	17%
\$420 000	\$20 860	\$17 370	\$3 490	17%
MEDIAN				
\$432 500	\$21 610	\$17 995	\$3 615	17%
\$440 000	\$22 060	\$18 370	\$3 690	17%
\$450 000	\$22 660	\$18 970	\$3 690	16%
\$460 000	\$23 260	\$19 570	\$3 690	16%
\$470 000	\$23 860	\$20 170	\$3 690	15%
\$480 000	\$24 460	\$20 770	\$3 690	15%
\$490 000	\$25 060	\$21 370	\$3 690	15%
\$500 000	\$25 660	\$21 970	\$3 690	14%
\$510 000	\$26 260	\$22 570	\$3 690	14%
\$520 000	\$26 860	\$23 170	\$3 690	14%
\$530 000	\$27 460	\$23 770	\$3 690	13%
\$540 000	\$28 060	\$24 370	\$3 690	13%
\$550 000	\$28 660	\$24 970	\$3 690	13%

* Assumes first homebuyers currently choose the Bonus over the PPR concession as it offers a greater benefit. Therefore first homebuyers currently pay the full rate of stamp duty on land transfers. As a result of the 2008-09 Budget, first homebuyers will be entitled to receive both the Bonus and the PPR concession. Therefore, they will now pay the PPR concessional rate of duty.

Attachment 2 – Regional First Home Bonus: List of eligible regional municipalities and alpine resorts in Victoria

The \$3 000 Regional First Home Bonus applies to eligible property purchases in the following regional municipalities and alpine resorts in Victoria.

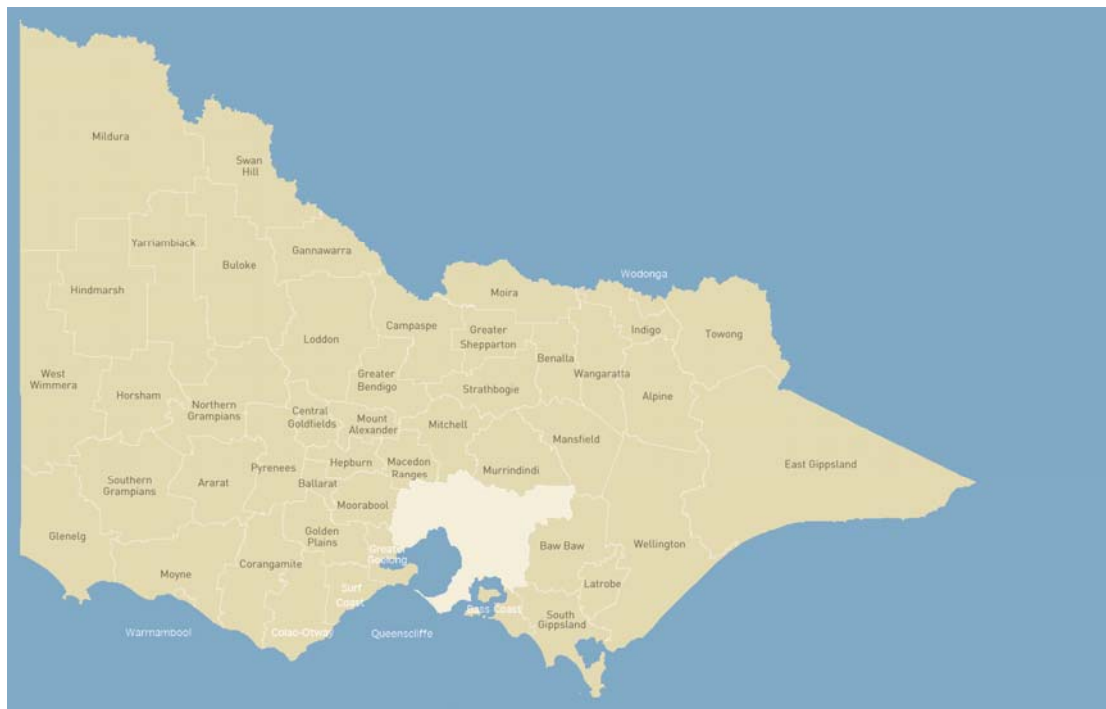
Regional Municipalities

Alpine Shire Council	Macedon Ranges Shire Council
Ararat Rural City Council	Mansfield Shire Council
Ballarat City Council	Mildura Rural City Council
Bass Coast Shire Council	Mitchell Shire Council
Baw Baw Shire Council	Moira Shire Council
Benalla Rural City Council	Moorabool Shire Council
Buloke Shire Council	Mount Alexander Shire Council
Campaspe Shire Council	Moyne Shire Council
Central Goldfields Shire Council	Murrindindi Shire Council
Colac-Otway Shire Council	Northern Grampians Shire Council
Corangamite Shire Council	Pyrenees Shire Council
East Gippsland Shire Council	Borough of Queenscliffe
Gannawarra Shire Council	South Gippsland Shire Council
Glenelg Shire Council	Southern Grampians Shire Council
Golden Plains Shire Council	Strathbogie Shire Council
Greater Bendigo City Council	Surf Coast Shire Council
Greater Geelong City Council	Swan Hill Rural City Council
Greater Shepparton City Council	Towong Shire Council
Hepburn Shire Council	Wangaratta Rural City Council
Hindmarsh Shire Council	Warrnambool City Council
Horsham Rural City Council	Wellington Shire Council
Indigo Shire Council	West Wimmera Shire Council
LaTrobe Shire Council	Wodonga Rural City Council
Loddon Shire Council	Yarriambiack Shire Council

Alpine Resorts

Falls Creek	Mount Hotham
Lake Mountain	Mount Stirling
Mount Baw Baw	Mount Torbreck
Mount Buller	

The \$3 000 Regional First Home Bonus applies to eligible property purchases in the following regional municipalities and alpine resorts in Victoria.



Note: map is a reproduction of the LGA boundaries and is illustrative only. (Source: ABS). Boundaries may be subject to revision.