

NSW: transfer duty changes for first home buyers from 1 August 2020

Source: [NSW government](#) and [Revenue NSW](#)

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As part of its [COVID-19 recovery plan](#), the NSW government has announced that, from 1 August 2020, there will be a temporary increase in the transfer duty exemption and concession limits for first home buyers of new homes and vacant land (on which they plan to build a home).

Current situation (under the first home buyers assistance scheme)

If you are a first home buyer in NSW and the property (including the land) is valued at less than \$800,000, you may be eligible for a full or partial exemption from transfer duty:

Buying a new home or existing home

- If your home is valued at less than \$650,000, you can apply for a full exemption (you do not have to pay any transfer duty).
- If your home is valued between \$650,000 and \$800,000, you can apply for a concessional rate of transfer duty. The amount that you have to pay is based on the value of your home.

Buying vacant land (on which you plan to build your home)

- If the land is valued at less than \$350,000, you can apply for a full exemption from transfer duty (you do not have to pay any transfer duty).
- If the land is valued between \$350,000 and \$450,000, you can apply for a concessional rate of transfer duty. The amount that you have to pay is based on the value of the vacant land.

From 1 August 2020 (under the first home buyers assistance scheme)

If you are a first home buyer in NSW of a new home or vacant land (on which you plan to build your home), the transfer duty exemption and concession limits are increased as follows:

Buying a new home

- If your new home is valued up to \$800,000, you can apply for a full exemption from transfer duty (you do not have to pay any transfer duty).
- If your new home is valued between \$800,000 and \$1m, you can apply for a concessional rate of transfer duty. The amount that you have to pay is based on the value of your home.

Buying vacant land (on which you plan to build your home)

- If the land is valued up to \$400,000, you can apply for a full exemption from transfer duty (you do not have to pay any transfer duty).
- If the land is valued between \$400,000 and \$500,000, you can apply for a concessional rate of transfer duty. The amount that you have to pay is based on the value of the vacant land.

Do the changes affect first home buyers of existing homes?

No, the changes do not effect the current exemption and concession limits for existing homes (see above).

How long are the temporary changes in place?

The temporary changes are in place for a 12 month period, i.e. until 1 August 2021. They apply to contracts executed from 1 August 2020 to 31 July 2021.

Who is eligible for transfer duty exemptions or concessions under the first home buyers assistance scheme?

To be eligible:

- The contract date must be dated on or after 1 July 2017 and must be for the whole property.
- You must be an individual (not a company or trust).
- You must be over 18.
- You, and your spouse or partner, must never have owned or co-owned residential property in Australia.
- You, and your spouse or partner, must never have received an exemption or concession under the scheme.
- At least one of the first home buyers must be an Australian citizen or a permanent resident.
- You or one of the other first home buyers must move into the new home within 12 months after buying the property and live there for at least 6 continuous months.

What if a first home buyer is buying with a person who is not eligible?

If you buy a home with persons who are not eligible, you can still apply for the transfer duty exemption or concession if you (and any other eligible buyers) are purchasing at least 50% of the property; however, this does not apply if your spouse is one of the ineligible buyers.

When do you apply for the transfer duty exemption or concession under the first home buyers assistance scheme?

You can apply for the transfer duty exemption or the concession after contracts are exchanged.

Transfer duty in NSW

In New South Wales, you must pay transfer duty if you acquire an interest in land. It is based on the property's sale price or current market value (whichever is higher). In some circumstances, you may be entitled to a concessional rate of transfer duty or an exemption from having to pay transfer duty (e.g. under the the first home buyers assistance scheme, as noted above). Transfer duty must be paid within 3 months of the date of signing a contract or transfer (except in the case of an off the plan purchase). Revenue NSW provides an [online transfer duty calculator](#) to assist you in working out your stamp duty liability.

Can eligible first home buyers also apply for a first home owner's grant?

Yes, first home buyers in NSW may also be eligible for a first home owner grant of \$10,000 under the first home owner's grant (new home) scheme (in addition to the transfer duty exemption or concession under the first home buyers assistance scheme). To be eligible:

- You must be buying or building your first home.
- The home must be new, i.e. it must never have been lived in and the purchase must be the first time that it has been sold (a recently renovated home may qualify if it has been substantially renovated, if it is the first time that it has been sold after the renovations and if it has not been lived in since being renovated).
- The price must be:
 - for a newly built home – not more than \$600,000; and
 - for land (on which you plan to build your home) – not more than \$750,000 (including the land and the home).
- You must be an individual (not a company or trust).
- You must be over 18.
- You, or at least one of the buyers, must be an Australian citizen or a permanent resident.
- You (or your spouse) must not have previously owned or co-owned a home in Australia or received a first home owner's grant in Australia.
- You (or one of the other first home buyers) must move into the new home within 12 months after buying the property and live there for at least 6 continuous months. If you are buying land and building a new home, you must move in within 12 months after construction is complete.

First home buyers normally apply for the first home owner's grant through their financial institution when arranging finance to buy their home; however, they can also lodge their application directly with Revenue NSW.

For further information, see the [NSW government](#) website and the [Revenue NSW](#) website.