

## **DRAFT SECOND READING SPEECH**

**HON. PETER GUTWEIN MP**

### ***Taxation and Grants (Housing Construction Amendments) Bill 2017***

*\*check Hansard for delivery\**

Madam Speaker

On 14 May 2017, the Government announced a number of measures that will assist more Tasmanians into their own homes and assist the residential building industry to build more housing. Increasing the stock of housing will improve the quantity and the quality of supply available for Tasmanians to live in and importantly helps keep housing affordable. The resultant building activity also assists in retaining skilled tradespeople in Tasmania whilst underpinning economic growth.

This Bill provides partial duty relief for house and land package transactions by amending the “house and land provision” of the *Duties Act 2001*. The Bill also amends the *First Home Owner Grant Act 2000* by extending the current generous increased incentive for first home owners to build a new home.

Section 19(2) of the *Duties Act 2001* was originally introduced in 2013 as an anti-avoidance provision.

Where there was considered one arrangement between the seller of land and the purchaser (or associated persons) to acquire the land and improvements, such as a building package, the provision increased the consideration taken to be paid for the transfer of land by including any improvements agreed to be made to the land, either before or after its transfer.

It was originally designed to ensure that the duty treatment of the purchase of an established home and the purchase, as part of an arrangement, of land with a dwelling to be completed on that land subsequently was the same. In practice this provision has created difficulties for purchasers and the building industry to determine up front whether duty was liable on both the house and the land, or just the land. Depending on the characteristics of the transaction, there can be different outcomes.

Madam Speaker

The proposed amendments to the Duties Act address these uncertainties and have been well received by the housing construction industry since being announced.

They provide partial duty relief for taxpayers purchasing house and land packages by amending the “house and land provision” so that the consideration for a dutiable transaction will no longer be taken to include building works, or other improvements agreed to be made to the land, that are performed after the land transfer as part of an arrangement between associated persons. Further, for standard single-dwelling house and land packages, the consideration for the land transfer will also exclude improvements (other than those which are normally required in preparing the land for residential development) that are performed on the property after the agreement between the purchaser and the vendor is entered into.

Full duty will continue to apply to the purchase of spec homes where the improvements have already been completed at the time of agreement and land transfer.

These amendments are taxpayer favourable and will be well received by the residential building industry and the Law Society of Tasmania, as they will clarify the application of the Duties Act and reduce red tape.

The Government will also encourage more people to build residential housing by extending the current grant available to first home owners.

The Bill extends the increased grant of \$20 000 for eligible first home buyers who enter an eligible transaction for the purchase or construction of a newly constructed home from 1 July 2017 to 30 June 2018 inclusive. This means that Tasmania will continue to have one of the highest first home owner grants offered by any jurisdiction in Australia.

The continued focus on the construction of new homes will help employment and increase new housing supply, which supports the Government's affordable housing and population strategies.

Both measures were announced on 14 May 2017 and form part of the New Housing Incentive Package outlined in the 2017-18 Budget.

Subject to the Bill passing both Houses and receiving Royal Assent, the changes will commence on 1 July 2017. In the interim Ex-Gratia payments will be available to reimburse taxpayers who can demonstrate that they have paid duty on the improvements to land under the current section 19(2), where the purchase agreement is signed between the date of announcement on 14 May 2017 and 1 July 2017.

Madam Speaker,

This Bill is beneficial for the housing construction industry and will assist those who wish to build a home. The measures are supported by industry and will have longer term benefits to ensure that housing in Tasmania continues to be affordable.

Madam Speaker, I commend this Bill to the House.