

# Property News

Legal Issues update for Canberra Businesses



## FEDERAL GOVERNMENT PROPOSES FIRST HOME SAVER ACCOUNTS

**The First Home Saver Account (FHSA) was introduced by the Federal Government on 4 February 2008. The account provides First Home buyers an opportunity to save for the purchase of their first home through a combination of Government contributions and low taxes.**

**While legislation supporting the accounts is yet to be introduced,** the following proposals in relation to the FHSA have been released.

### 1. **General Overview**

- FHSA's will be available to all eligible persons from 1 October 2008
- There is an overall cap on the FHSA of \$75,000
- The First Home Owner's Grant (FHOG) will remain however, you must apply for this separately
- Interest earned on the accounts will be taxed at a flat rate of 15%
- Any contributions made are tax free

### 2. **Opening FHSA**

Accounts are opened through your financial institution. Banks, building societies and credit unions are able to provide deposit accounts. Superannuation funds and life insurers will offer investment linked accounts.

- There is no upfront contribution set by the government for opening the account however, your financial institution may set their own upfront contribution requirement
- There is a 14 day cooling off period after opening the account and you will not be penalised if you choose to close the account during this period

### 3. **Eligibility Criteria**

In order to be eligible for a FHSA you must fulfil the eligibility criteria;

- Aged between 18 and 65 years
- Have not previously bought or built a home to live in

- Do not hold, or have not previously held a FHSA
- Provided your Tax File Number to your financial institution

### 4. **Government Contributions**

The Federal Government have pledged to contribute 17% on the first \$5000 per financial year. This contribution will not be taxed

### 5. **Withdrawals**

Withdrawals are free so long as they are used for the purpose of purchasing or building a first home (this includes payment of a deposit, stamp duty, settlement money and/or solicitor fees). In order to withdraw money, the following criteria apply;

- 'The Four Year Saving Horizon' - you must have contributed a minimum of \$1000 for four consecutive financial years (i.e. the current financial year you are purchasing and the three financial years prior)
- The home must be in Australia
- If you are purchasing with a partner, you are able to pool your funds together and only one person must meet the Four Year Saving Horizon for both accounts to be withdrawn.
- Upon withdrawal all funds must be withdrawn and the account closed

### 6. **FHSA and Couples**

Unlike other government initiatives for first home owners, the FHSA is based on individual assessment. Important features of the FHSA in regards to couples are as follows;

- You are eligible to open a FHSA if you live in a home that your partner owns
- You are able to withdraw from FHSA to purchase a home with your partner if they do not hold a FHSA.

**We shall keep you advised on the First Home Saver Account scheme as the matter develops.**

Snedden Hall & Gallop Lawyers

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# Larger Savings to First Home Buyers

The Home Buyer Concession Scheme (HBCS) is an ACT Government initiative, administered by the ACT Revenue Office, to assist persons in purchasing a residential home or residential vacant land, by charging duty at a concessional rate.



**Gerald Santucci**  
Director  
Property Services

The threshold is the total income (of all buyers) earned in the 12 months proceeding the purchase. First home buyers who earn under the threshold may be entitled to a concession on stamp duty. As of 6th May 2008, the threshold has increased from \$100,000 to \$120,000.

## Residential Home

Savings can be up to \$10,030 in addition to the First Home Owners Grant of \$7000. The stamp duty concession is assessed on a sliding scale, some examples of this are below.

Purchase Price	Stamp Duty	Concession	Savings
\$310,000	\$10,050	\$20	\$10,030
\$340,000	\$11,700	\$5,415	\$6,285
\$360,000	\$12,800	\$9,025	\$3,375
\$390,000	\$14,450	Nil	Nil

## Residential Vacant Land

As with the stamp duty concession on a residential home, the stamp duty concession on the purchase of a residential vacant land is assessed on a sliding scale with savings up to \$4,517.50, as demonstrated below.

Purchase Price	Stamp Duty	Concession	Savings
\$172,500	\$4,537.50	\$20	\$4,517.50
\$200,000	\$5,500	\$3918.75	\$1581.25
\$215,400	\$6,116	Nil	Nil

Eligibility criteria apply for both residential homes and residential vacant lands in charging duty at a concessional rate.



**David Trigg**  
Senior Conveyancing Clerk  
Property Services



**Jessica Fairbairn**  
Conveyancing Clerk  
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To find out if you are eligible for a concession on stamp duty or for any of your property needs, please call David Trigg, Senior Conveyancing Clerk, on (02) 6285 8053.

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