

LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY

WRITTEN QUESTION

Mrs Lambley to the Treasurer:

First Home Owners Grant

The current guidelines for the First Home Owners Grant excludes existing homes, except if the existing homes have been significantly refurbished.

1. Could you provide details of exactly what level of refurbishment is required in order for some existing refurbished houses to be considered “new” and therefore included as eligible for purchase under the First Home Owners Grant?
2. How is this “new home status” for refurbished homes determined?
3. Who exactly makes an assessment of these refurbished homes, as to whether or not they are considered “new” or “existing”?
4. Is this information available to the public so private owners might have the opportunity to apply to have their refurbished existing homes considered “new” under the First Home Owners Grant?

ANSWER

1. Some existing homes may be classified as ‘new’ for the purpose of the first home owner grant. This is provided an extensive level of refurbishment occurs so as to constitute ‘substantial renovations of a building’.
2. In terms of determining what constitutes ‘substantial renovations’, the first home owner grant legislation aligns with provisions in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth). This alignment has been in place since 2001 and is consistent with an initial purpose of the first home owner grant scheme – to offset the effect of the GST on the acquisition of a first home.

The GST legislation provides that ‘substantial renovations’ of a building are renovations in which all, or substantially all, of a building is removed or replaced. However, the renovations need not involve removal or replacement of foundations, external walls, interior supporting walls, floors, roof or staircases.

Where only non-structural renovations are undertaken, they must be significant enough to make the building as a whole ‘as new’. Renovations

that only affect part of a building or are largely cosmetic will not be considered substantial renovations.

3. The Commissioner of Territory Revenue administers the first home owner grant scheme and decides the eligibility of a transaction. This includes an assessment of whether a renovated home can be considered to be a 'new' home. As part of the Commissioner's decision making process, the views of the Australian Taxation Office may be taken into account.
4. In terms of publicly available information, the Territory Revenue Office has published Commissioner's Guideline CG-HI-001: *What is a 'new home'?* and the Australian Taxation Office has published a Goods and Services Tax Ruling GSTR 2003/3: *Goods and services tax: when is a sale of real property a sale of new residential premises?*

The Territory Revenue Office's guide to the first home owner grant application form also provides information on when a substantially renovated home may be considered a new home. Both the application form guide and the Commissioner's Guideline are available online.