

**DUTIES AMENDMENT (OFF-THE-PLAN CONCESSION
AND FOREIGN PERSONS EXEMPTIONS) BILL 2023**

Receipt and First Reading

Bill received from the Assembly; and, on motion by **Hon Sue Ellery (Minister for Finance)**, read a first time.

Second Reading

HON SUE ELLERY (South Metropolitan — Minister for Finance) [5.30 pm]: I move —

That the bill be now read a second time.

The Duties Amendment (Off-the-Plan Concession and Foreign Persons Exemptions) Bill 2023 seeks to amend the Duties Act 2008 to implement the off-the-plan duty concession announced in the 2023–24 state budget and to expand the circumstances in which a refund of foreign buyers duty is available to foreign persons who undertake residential developments. The bill will deliver tax reforms and incentives to boost housing supply and choice, encourage urban infill and improve housing affordability in Western Australia. The government’s off-the-plan duty rebate scheme gives purchasers who enter into a contract to buy a new apartment before development commences a rebate of up to 100 per cent of the duty payable depending on the value of the property, capped at \$50 000. This generous duty relief, which applies to transfer duty and any foreign transfer duty payable on a pre-construction contract, has been provided since 23 October 2019 under an administrative scheme that was due to expire on 24 October 2023. As announced in the budget, this bill will extend the off-the-plan duty assistance to 30 June 2025 and increase the concession thresholds for eligible contracts signed on or after 11 May 2023. A 100 per cent duty concession, capped at \$50 000, will be available for properties valued up to \$650 000. This will be an increase from \$500 000. The concession will phase down to 50 per cent of the duty payable for properties valued at \$750 000 or more, which will be an increase from \$600 000.

The form of assistance will also change, with the existing duty rebate being converted to a legislated duty concession under this bill. This will allow the concession to be applied up-front when duty is assessed on an eligible contract instead of being paid as a rebate after settlement. It will also allow the Commissioner of State Revenue to use the enforcement powers in the Taxation Administration Act 2003 to support future compliance and recovery activity if the duty concession is applied incorrectly. Taxpayers will also have objection rights in relation to the concession. I used the pre-enactment provisions in the Taxation Administration Act 2003 to allow the concession to be administered from 31 August 2023 before the legislation is passed.

The bill was amended in the other place to extend the duty concession to contracts to purchase a new apartment that is being constructed. This concession will apply to transfer duty and any foreign transfer duty payable on an under-construction contract entered into between 31 August 2023 and 30 June 2025. A concession of 75 per cent of the duty payable, capped at \$50 000, will be available for properties valued up to \$650 000. The concession will phase down to 37.5 per cent, capped at \$50 000, for properties valued at \$750 000 or more. Extending the concession to apartments under construction will make home ownership more accessible to Western Australians and increase housing supply by building consumer confidence and attracting investors to the sector. The pre-enactment rules in the Taxation Administration Act will not be used for the under-construction concession because it is expected that the required system changes will not be ready until after the bill has passed.

Under-construction contracts signed from 31 August 2023 will be assessed at the usual rates and can be reassessed to apply the concession once the legislation has been enacted. Taxpayers will still receive the full benefit of the concession.

The bill will remove restrictions on when the foreign buyers duty exemption applies to foreign persons who acquire residential property for a residential development. Additional duty of seven per cent applies to purchases of residential property by foreign persons. A foreign person can apply for a refund of the duty if they construct or refurbish 10 or more dwellings on the land or subdivide the land for the purposes of constructing 10 or more dwellings. For the construction or refurbishment exemption to apply, the land must not contain any residential buildings at the time of purchase. For the subdivision exemption to apply, the land must be vacant or substantially vacant. These restrictions prevent a developer from receiving an exemption if, for example, they demolish one residential dwelling to construct an apartment building. Industry has raised concerns that these restrictions disincentivise urban infill and discourage developers with foreign ownership from undertaking residential developments. The bill will amend the Duties Act to remove these requirements.

The bill will also make minor amendments to clarify that the refurbishment exemption will apply only when a foreign person completes substantial works to convert an existing building to provide 10 or more dwellings and will not apply to minor refurbishment works to existing dwellings. The foreign buyers duty amendments will apply retrospectively from 1 January 2023. The associated explanatory memorandum contains further details on the amendments.

Pursuant to standing order 126(1), I advise that this bill is not a uniform legislation bill. It does not ratify or give effect to a bilateral or multilateral intergovernmental agreement to which the government of the state is a party; nor does this bill, by reason of its subject matter, introduce a uniform scheme or uniform laws throughout the commonwealth.

I commend the bill to the house and table the explanatory memorandum.

[See paper [2736](#).]

Debate adjourned, pursuant to standing orders.

House adjourned at 5.36 pm
