

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

Introduction and First Reading

Bill introduced, on motion by **Ms R. Saffioti (Treasurer)**, and read a first time.

Explanatory memorandum presented by the Treasurer.

Second Reading

MS R. SAFFIOTI (West Swan — Treasurer) [12.36 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 will seek 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 will give purchasers who enter into a contract to buy a new residential unit or apartment a rebate of up to 100 per cent of the duty payable, depending on the value of the property, capped at \$50 000. The generous duty relief, which will apply to transfer duty and any foreign transfer duty payable on the 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, the bill will extend the off-the-plan duty assistance to 30 June 2025 and will 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, and the existing duty rebate will be converted to a legislated duty concession by 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. The Minister for Finance intends to use 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 will also remove restrictions on when the foreign buyers duty exemption applies for foreign persons who acquire residential property for a residential development. An additional duty of seven per cent will apply to purchases of residential property by foreign persons. A foreign person will be able to apply for a refund of this 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 had raised concerns that these restrictions would disincentivise urban infill and discouraged developers with foreign ownership from undertaking residential developments. The bill amends the Duties Act to remove these requirements. The bill also makes minor amendments to clarify that the refurbishment exemption only applies if a foreign person completes substantial works to convert an existing building to provide 10 or more dwellings and does 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.

I commend the bill to the house.

Debate adjourned, on motion by **Mr P.J. Rundle**.