

DUTIES AMENDMENT (ADDITIONAL DUTY FOR FOREIGN PERSONS) BILL 2018

Introduction and First Reading

Bill introduced, on motion by **Mr D.A. Templeman (Leader of the House)** on behalf of Mr B.S. Wyatt (Minister for Finance), and read a first time.

Explanatory memorandum presented by the Leader of the House.

Second Reading

MR D.A. TEMPLEMAN (Mandurah — Leader of the House) [12.11 pm]: On behalf of the Minister for Finance, I move —

That the bill be now read a second time.

This bill seeks to amend the Duties Act 2008 to implement a seven per cent foreign buyers surcharge on residential property acquired by foreign persons from 1 January 2019. The surcharge is in addition to transfer duty or landholder duty payable on the direct or indirect acquisition of property. A surcharge of four per cent was announced in the lead-up to the March 2017 election to fund the government's freeze of TAFE fees and to assist with budget repair. Increasing the rate to seven per cent will bring Western Australia into line with New South Wales, Victoria and South Australia, which currently apply a foreign buyers surcharge of eight per cent, seven per cent and seven per cent respectively. Queensland will increase its surcharge to seven per cent from 1 July 2018. The surcharge will apply to the dutiable value of residential property purchased by foreign individuals, corporations and trusts in Western Australia. Only property that is capable of being, or intended to be, used solely or primarily for residential purposes will be liable for the surcharge. This includes land on which there is a building under construction or one that is being refurbished or extended and is capable of being used as a residential property on completion. It also includes vacant land that is zoned solely for residential purposes.

To limit any impact the surcharge could have on the construction industry, residential developments of more than 10 properties, and commercial-residential property such as hotels, student accommodation and retirement villages, will not be liable for the additional duty. This treatment is generally similar to that in most of the other states that impose a surcharge. Transactions that are currently exempt from duty, or subject to nominal duty, will also be exempt from the surcharge unless expressly provided.

Western Australia's high-level policy is consistent with that of other states. However, as each jurisdiction has differences in provisions, it has not been possible to achieve uniformity with any one set of rules. Instead, this bill introduces a scheme using administrative simplicity as a guiding principle, ensuring the surcharge can be assessed and paid using online systems. This measure applies only to foreign buyers. Western Australian residents will not pay the surcharge. The surcharge is estimated to raise around \$123 million net of \$1 million in administration costs over the period from 2018-19 to 2021-22. The increase in the rate from four per cent to seven per cent contributes \$50 million of the estimated \$123 million of revenue over this period.

The associated explanatory memorandum contains further details on the amendments. I commend the bill to the house.

Debate adjourned, on motion by **Mr A. Krsticevic**.