



Revenue Circular DAA014

First Home Owner Grant Act 2000 and Duties Act 1999

New and substantially renovated homes

Circular history

Circular number	Issued date	Dates of effect		Status
		From	To	
DAA014	1 July 2014	1 July 2014	-	Current

Preamble

First Home Owner Grant

1. The purpose of the First Home Owner Grant (FHOG) is to encourage home ownership by providing assistance to eligible persons for the purchase or construction of their first home. For full details of the FHOG, see the FHOG Lodgment Guide and Application Form on the ACT Revenue Office website at <http://www.revenue.act.gov.au>.
2. From 1 September 2013, the FHOG was retargeted to those new home owners who are buying a newly-constructed house, or one which has undergone substantial renovations. This change in policy is aimed to promote the construction industry within the ACT, while increasing the assistance provided to those buying their first homes.

Home Buyer Concession Scheme

3. Chapter 2 of the *Duties Act 1999* (the Duties Act) imposes duty on certain transactions, including a transfer of dutiable property, an agreement for the sale or transfer of dutiable property and the grant of a Crown lease. Dutiable property is defined as, among other things, land in the ACT, a Crown lease, a land use entitlement and an interest in any such dutiable property.
4. The Home Buyer Concession Scheme (HBCS) is an ACT Government initiative administered by the ACT Revenue Office to assist persons in purchasing residential homes or residential vacant land by charging duty at a concessional rate.
5. From 1 September 2012, the HBCS ceased to be available on the purchase of an established property. This change in policy aimed to promote the construction industry within the ACT, while increasing the assistance provided to eligible home buyers purchasing their homes.
6. The HBCS is currently only available for the purchase of new homes or substantially renovated homes, and land only.

Circular

7. This circular aims to provide guidance on how the Commissioner for ACT Revenue (the Commissioner) interprets the terms ‘new home’ and ‘substantially renovated home’ when assessing an applicant’s eligibility for either, or both, the FHOG or HBCS.

New Homes

What constitutes a new home?

8. A **new home** is defined as a home that has not been:
 - a. previously occupied; or
 - b. sold as a place of residence.
9. The Commissioner considers that for an applicant to be eligible for either the FHOG or the HBCS on the purchase of a new home, the home must not have previously been occupied, and the home must not have previously been sold as a place of residence. This is a two-limbed test where both conditions must be satisfied. If the house has not been previously occupied, but it has previously been sold as a place of residence, the applicant is ineligible for the FHOG and the HBCS. Similarly, if the house has not previously been sold as a place of residence, but has previously been occupied, the applicant is ineligible.
10. The Commissioner considers that homes which were previously commercial residential premises, such as hotels, motels, and serviced apartments, have previously been occupied as places of residence and do not meet the definition of a ‘new home’ for the FHOG and the HBCS.

Required Documentation: New Home

11. The following must be provided by all applicants for the FHOG and HBCS:
 - a. FHOG or HBCS Application Form
 - b. The dated and signed Contract for Sale
 - c. A statutory declaration made by the vendor under the *Statutory Declarations Act 1959 (Cth)* declaring that the home has not been previously occupied or sold as a place of residence
 - d. A certified copy of the Certificate of Occupancy and Use issued by the Environment and Sustainable Development Directorate – *if available at time of application*
12. The Commissioner may request further evidence than that detailed above if required, to determine an applicant’s eligibility for the HBCS or FHOG.

Substantially Renovated Homes

What constitutes a home which has had substantial renovations?

13. A **substantially renovated home** means a home that:
 - a. has **substantial renovations**; and
 - b. as renovated, has not been previously occupied or has not been sold as a place of residence.
14. **Substantial renovations**, of a building, are renovations in which all, or substantially all, of the building is removed or replaced. This includes all removal or replacement of all, or a substantial part, of the structural and non-structural components of the dwelling.
15. The renovations must have affected the building as a whole, and resulted in the removal or replacement of all, or substantially all, of the previous building. For renovations to have been substantial, they must have affected most of the rooms in the previous building.
16. The renovation of only one part of a building without any work on the remaining parts of the building (for example, the renovation of only one bedroom in a four-bedroom house), would not constitute substantial renovations. Similarly, the removal and replacement of a kitchen and bathroom with little else having been done to the building, apart from minor repair work, would not be substantial renovations. Cosmetic work only does not constitute substantial renovations.
17. **Table 1** provides examples of substantial (structural) and non-substantial (cosmetic) renovations. These examples should be considered in their totality and not in isolation. For example, altering brickwork to replace windows is not a substantial renovation in isolation, but in conjunction with replacement of walls, foundations and roofs, may indicate significant structural building work has occurred on the property.

TABLE 1:

Substantial Renovations	Non-substantial renovations
Structural and non-structural building work:	Cosmetic work:
<ul style="list-style-type: none"> • Replacing or altering foundations • Replacing or altering floors or supporting walls • Replacing or altering non-supporting walls (interior and exterior) • Lifting or modification of roofs • Altering brickwork to replace existing windows and doors 	<ul style="list-style-type: none"> • Painting • Plastering or rendering an entire wall or walls • Sanding floors • Plumbing (e.g. replacing pipes) • Replacing light fittings • Replacing curtains and carpets • Repairing electrical wiring

18. For the building to meet the eligibility test for either the FHOG or the HBCS, no person must have occupied the home from the date the Certificate of Occupancy was issued for the property, to the date the Contract for Sale is executed, or the home transferred from the vendor, whichever is earlier. Those applicants who seek to purchase property and then substantially renovate it are not eligible for either the FHOG or the HBCS. The property must be either new or substantially renovated prior to its sale by the vendor.

Required Documentation: Substantially Renovated Home

19. The following must be provided by all applicants:
 - a. FHOG or HBCS Application Form
 - b. The dated and signed Contract for Sale
 - c. A certified copy of the Certificate of Occupancy and Use issued by the Environment and Sustainable Development Directorate
 - d. A statutory declaration made by the vendor under the *Statutory Declarations Act 1959 (Cth)* declaring:
 - i. when the renovation work commenced and when it was completed;
 - ii. all of the substantial renovations were made prior to the execution of the Contract for Sale;
 - iii. the extent of the renovations by providing an exhaustive listing of them; and
 - iv. that the home, as renovated, has not been previously occupied or sold as a place of residence.
20. The Commissioner may request further evidence than that detailed above if required, to determine an applicant's eligibility for the HBCS or FHOG.

False or Misleading Information

21. Applicants must ensure information contained in or in connection with their applications is information they know to be true and correct in every particular. If the grant or concession is subject to conditions notified to applicants in writing, applicants must comply with the conditions or repay the grant or concession if they are unable to comply. Applications are made on a self-assessment basis.
22. Applicants who receive a grant or concession to which they are not entitled, or who do not comply with the residency requirements, or who fail to comply with notification and repayment obligations may, in addition to repaying the grant or the concession amount, be subject to penalty tax and the payment of interest.
23. Information supplied by applicants is compliance-checked after the grant or concession has been paid.

Criminal Penalties

24. Giving false or misleading information is a serious offence. For details of the serious criminal offences of making, giving or producing false or misleading statements, information or documents: see the *Criminal Code 2002*.

SIGNED

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Commissioner for ACT Revenue

1 July 2014

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