



ANNUAL VACANCY FEE FOR FOREIGN OWNERS OF RESIDENTIAL PROPERTY

Are you a foreign person who owns residential property in Australia or is planning to purchase residential property in Australia? If so, under proposed amendments to the *Foreign Acquisitions and Takeovers Fees Imposition Act 1975*, you may be charged an annual vacancy fee if the property is not occupied or genuinely made available on the rental market for at least six months in a 12 month period.

The proposed vacancy fee is part of the Government's housing affordability plan. It is intended to provide an incentive to foreign persons who are not occupying their residential properties to put the property on the rental market which will increase the amount of rental properties available.

Who will the vacancy fee apply to?

The vacancy fee will apply to foreign owners of Australian residential properties who make a foreign investment application to the Foreign Investments Review Board (**FIRB**) after 7.30pm (AEST) on 9 May 2017. The vacancy fee will also apply to foreign persons who are purchasing residential property in a new development which has a New Dwelling Exemption Certificate, if the contract was entered into after 7.30pm (AEST) on 9 May 2017.

In the event that the foreign person becomes an Australian citizen, the person will no longer be liable to pay the vacancy fee.

When is the vacancy fee payable?

The vacancy fee is payable annually and will apply where the foreign owned residential property is not:

1. occupied by the foreign owner or a relative of theirs for at least 183 days in a 12 month period;



2. subject to lease/s or licence/s (with a minimum duration of 30 days each) which total at least 183 days in a 12 month period; or
3. genuinely made available on the rental market (with a minimum duration of 30 days each) for at least 183 days in a 12 month period.

How much is the vacancy fee?

The vacancy fee will be the same as the fee the foreign person paid at the time they submitted their application to FIRB. FIRB's current application fees can be found on its website at <https://firb.gov.au/resources/guidance/gn29/>.

Please contact Murfett Legal if you have any queries about the vacancy fee or wish to discuss how the proposed amendments may affect you.

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