



## MORE TAX CHANGES FOR PROPERTY DEVELOPERS

It would appear that property developers are "on the nose" of politicians around the country. A series of tax changes, at both State and Federal level, have been introduced or are about to come into effect and all of them will cause additional headaches for property developers.

The latest change (announced in the last Federal budget) is the loss of the deduction of interest and other holding costs associated with holding vacant land with effect from 1 July 2019.

At State level, in Western Australia, as from 1 January 2019, non-resident investors acquiring property located in WA will be required to pay a 7% surcharge over and above normal transfer duty. This brings W.A. into line with other jurisdictions which introduced these increases a few years ago.

If you also consider that:

- non-residents lost the 50% CGT concession in 2012;
- CGT withholding tax rules were introduced in 2016, but from 1 July 2017 anyone purchasing Australian real property or an interest in such property, valued at \$750,000 or more (down from \$2 million), from a non-resident vendor, is obliged to withhold a 12 1/2% non-final withholding tax (up from 10%) from the purchase price and pay this to the ATO;
- from 9 May 2017, individuals who are foreign tax residents no longer have access to the CGT main residence exemption. The exemption is removed if the owner is a foreign resident for tax purposes on the date of the event. The exemption will however still apply to temporary tax residents;
- from 1 July 2018, purchasers (rather than vendors) of newly constructed residential premises or new subdivisions of potential residential land will be required to remit GST amounts on that purchase directly to the tax office; and
- the current opposition party, at Federal level, has announced that it intends to limit the application of negative gearing for certain types of property,

you begin to wonder what land developers have done to warrant all this attention.

[Mike Frampton](#), Partner, Murfett Legal.

[mike.frampton@murfett.com.au](mailto:mike.frampton@murfett.com.au)