



## DID YOU KNOW? CHANGES TO CAPITAL GAINS TAX !

Effective 1 July 2017, the foreign resident capital gains withholding (FRCGW) rate and threshold will change.

The ATO Legislation that took effect as of 1 July 2016 required that sales over \$2million be assessed to determine what (if any) Capital Gains Tax (CGT) liability existed for foreign investors disposing of real property.

The changes are as follows and will apply to contracts entered into on or after 1 July 2017:

1. Withholding requirements will now apply to the sale of properties of \$750,000 or more (currently \$2 million or more);
2. The withholding rate will increase to 12.5% from 10%.

To avoid the withholding tax, an Australian resident seller must obtain a clearance certificate from the ATO prior to settlement.

If you have any queries, please contact Murfett Legal by telephone on +61 8 9388 3100, via our website at [www.murfett.com.au](http://www.murfett.com.au) or email one of the following directors:

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