Tax issues

This checklist contains the most common taxes and related charges in real estate transactions (or Landholder transactions involving real estate) and is not intended to be exhaustive. It includes links to check details and criteria at the time of publication but you must check the information is current. Ticking a box indicates who is responsible for considering the selected item. Both practitioner and client may be selected, or the line item can be crossed out if clearly not applicable. A column has been included for initial comments. Some example comments have been inserted to highlight issues LPLC has seen in claims. It is recommended that a memorandum be sent to the client after the checklist is completed setting out what was agreed. Also refer to the [LPLC GST checklist](https://lplc.com.au/resources/checklists/gst).
 **Warning**
**We take the risk of cyber fraud seriously and so should you**. Hackers have impersonated law firms and requested payment via email using their own account details. It is important you take a number of steps to verify any bank account details you receive in an email from our firm including speaking to us before transferring money. Call us on a phone number you know is ours, not the one in an email with the bank account details as it may have been changed by a cyber-criminal. Do not reply to any emails asking for payment before verifying its authenticity with us by speaking with us.

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| Duty |
| **Item** | **Client** | **Practitioner** | **Comments** |
| Estimate – [transfer duty](http://www.sro.vic.gov.au/calculators/land-transfer-calculator) *If* *you are acting for a foreigner please also refer to section headed “Foreigner”.* | **□** | **□** | $............................ |
| Spouse / partner [exemption](https://www.sro.vic.gov.au/spouse-and-partner-exemption#:~:text=Before%201%20July%202017%2C%20transfers,for%20no%20consideration%20are%20exempt.) (check current criteria) | **□** | **□** | Since 1 July 2017, only spousal transfers of a principal place of residence (PPR) made for no consideration are exempt. This means at least one person in the relationship must live in the property as their PPR for a continuous period of at least 12 months commencing within 12 months of the transfer. |
| Double duty may be payable for [sub-sales](https://www.sro.vic.gov.au/subsales)(nomination risk) | **□** | **□** | A deemed sub-sale occurs where a new purchaser is nominated after land development (including applications for permits, or developing or changing the land in any way that would lead to the enhancement of its value) or where there is additional consideration paid by or on behalf of the nominee.  |
| Some Concessions – (check current criteria) [first home owner](https://www.sro.vic.gov.au/first-home-owner/apply-first-home-buyer-duty-reduction), [off the plan](https://www.sro.vic.gov.au/offtheplan), [pensioner](http://www.sro.vic.gov.au/calculators/pensioner-exemption-or-concession-calculator) , [charitable](https://www.sro.vic.gov.au/land-transfer-duty/apply-duty-exemption-charities-and-friendly-societies) or [water entitlements](https://www.sro.vic.gov.au/land-transfer-duty/complete-primary-production-and-water-entitlements-statutory-declaration) | **□** | **□** |  |
| First homeowner grant - [FHOG](http://www.sro.vic.gov.au/first-home-owner/apply-first-home-owner-grant-fhog) | **□** | **□** | The client should discuss any FHOG with their finance broker / mortgagee, as they are responsible for making the application.  |
| [Landholder duty](https://www.sro.vic.gov.au/landholder-duty) or [economic entitlement duty](https://www.sro.vic.gov.au/economic-entitlements) | **□** | **□** | A transfer of shares or units in entities that own land or arrangements that create an economic entitlement may attract duty. See — (a) [Economic entitlement in… - Legal Practitioners' Liability Committee (lplc.com.au)](https://lplc.com.au/news-and-alerts/economic-entitlement-in-land-what-you-should-know)(b) [SRO information on economic entitlements](https://www.sro.vic.gov.au/economic-entitlements) |
| [Family farm](https://www.sro.vic.gov.au/family-farm-exemption) or young farmer concession/exemption | **□** | **□** | Consider any GST implications if farmland. Refer to the [LPLC GST checklist](https://lplc.com.au/resources/checklists/gst) and [guidance](https://lplc.com.au/resources/faq/farm-land). |
| Growth areas infrastructure contribution - [GAIC](http://www.sro.vic.gov.au/growth-areas-infrastructure-contribution) (for land over 0.41ha in Cardinia, Casey, Hume, Melton, Mitchell, Whittlesea or Wyndham) | **□** | **□** |  Consider criteria for deferral of payment.A vendor must comply with the disclosure obligations in the section 32 statement. See s.32G of the Sale of Land Act 1962 (Vic) |
| [Windfall Gains Tax](https://www.sro.vic.gov.au/windfall-gains-tax#:~:text=How%20much%20is%20the%20windfall,apply%20to%20the%20total%20uplift.) (WGT) | **□** | **□** | See LPLC [WGT information hub](https://lplc.com.au/resources/lplc-article/wgt). |
| [Commercial and Industrial Property Tax (CPT)](https://www.sro.vic.gov.au/commercial-and-industrial-property-tax)  | **□** | **□** | See (a) [Commercial and Industrial… - Legal Practitioners' Liability Committee (lplc.com.au)](https://lplc.com.au/resources/lplc-article/cipt-tax-reform-in-victoria-what-you-need-to-know) |
| [Aggregation](http://www.sro.vic.gov.au/evidentiary/aggregation-dutiable-property) - ie more than one lot being purchased | □ | □ |  |
| [Congestion levy](http://www.sro.vic.gov.au/car-parks) | □ | □ |  |
| [Lease duty](http://www.sro.vic.gov.au/leasesgrantsandtransfers) – ie right of first refusal | □ | □ |  |
| [Self-managed superannuation fund](https://www.sro.vic.gov.au/evidentiary/transfers-trustees-or-custodians-superannuation-funds-or-trusts) issues | □ | □ |  |
| Request an SRO [private ruling](http://www.sro.vic.gov.au/leases-grants-and-transfers/request-private-ruling) | □ | □ |  |
| For more information go to [www.sro.vic.gov.au](http://www.sro.vic.gov.au/)  |

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| Foreigners |
| **Item** | **Client** | **Practitioner** | **Comments** |
| [Foreign purchasers](https://www.sro.vic.gov.au/foreignpurchaser) of property | **□** | **□** | Individuals – if foreign citizen check visa details to determine if temporary or permanent residents. Temporary residents are foreign purchasers. NZ citizens must be in Australia to hold a subclass 444 visa, including on the day of settlement.Discretionary trusts - check any trust deed to see whether the description of beneficiaries could include foreigners. If so, additional duty may be payable. Consider if the trust deed can be varied without resettlement of the trust. |
| [Additional duty](http://www.austlii.edu.au/cgi-bin/viewdoc/au/legis/vic/consol_act/da200093/s28a.html) | **□** | **□** | Foreigners pay additional duty. Currently 8%. Some exemptions apply — eg spouses buying PPR as joint tenants. |
| Additional duty estimate – [transfer duty](http://www.sro.vic.gov.au/calculators/land-transfer-calculator)  | **□** | **□** | $....................... |
| Land tax – [absentee owner surcharge](https://www.sro.vic.gov.au/absentee-owner-surcharge) | **□** | **□** |  |
| Land tax - [vacant residential land](https://www.sro.vic.gov.au/vacant-residential-land-tax) | **□** | **□** | Warning, Vacant residential land tax will apply to all residential land in Victoria from 1/1/25, based on occupancy in the 2024 calendar year. See (a) LPLC [Snapshot of Major… - Legal Practitioners' Liability Committee (lplc.com.au)](https://lplc.com.au/news-and-alerts/snapshot-of-major-victorian-property-tax-changes-effective-from-1-january-2024)(b) [Vacant Residential Land… - Legal Practitioners' Liability Committee (lplc.com.au)](https://lplc.com.au/resources/lplc-article/vacant-residential-land-tax-changes-some-questions-answered) |
| [CGT withholding obligation](https://www.ato.gov.au/General/Capital-gains-tax/In-detail/Calculating-a-capital-gain-or-loss/Capital-gains-withholding--Impacts-on-foreign-and-Australian-residents/?page=1) | **□** | **□** | A purchaser must withhold 12.5% (proposed change to 15% from 1/1/2025 on all transactions) where a clearance certificate is not provided. |
| [FIRB approval](https://firb.gov.au/) | **□** | **□** |  |
| [Cth Register of Foreign Ownership of Australian Assets](https://www.ato.gov.au/individuals-and-families/investments-and-assets/foreign-investment-in-australia/register-of-foreign-ownership-of-australian-assets) | **□** | **□** |  |
| [Cth vacancy fee](https://www.ato.gov.au/individuals-and-families/investments-and-assets/foreign-investment-in-australia/vacancy-fee-return-for-foreign-owners)  | **□** | **□** |  |

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| CGT |
| **Item** | **Client** | **Practitioner** | **Comments** |
| Will the transaction trigger capital gains tax? | □ | □ | Date of contractClient should discuss any CGT liability with their accountant. |
| [Withholding obligation](https://www.ato.gov.au/individuals-and-families/investments-and-assets/capital-gains-tax/foreign-residents-and-capital-gains-tax/foreign-resident-capital-gains-withholding/capital-gains-withholding-a-guide-for-conveyancers)  | □ | □ | Sale of $750,000 or more a purchaser must withhold 12.5% (proposed change to 15% from 1/1/2025 on all transactions) unless a valid clearance certificate is provided.  |
| [Exemptions](https://www.ato.gov.au/general/capital-gains-tax/cgt-assets-and-exemptions/)* Principal place
* Pre 20 September 1985 assets
* Rollover relief
 | □ | □ | Refer to accountant for taxation work |
| Long term contracts spanning multiple financial years | □ | □ |  |
| [Deceased estate](https://www.ato.gov.au/individuals-and-families/deceased-estates) — payment by testator and/or beneficiaries | □ | □ | Refer to accountant for taxation work |
| For more information go to LPLC CGT withholding obligation [alerts](https://lplc.com.au/news-alerts?keyword=CGT&types=news%2Calert) and [Claim free conveyancing practice risk guide](https://lplc.com.au/resources/practice-risk-guides/claim-free-conveyancing). |

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| Land tax  |
| **Item** | **Client** | **Practitioner** | **Comments** |
| [Principal place exemption](http://www.sro.vic.gov.au/landtaxppr#120) | □ | □ | Any use other than as a residence may mean the exemption does not apply. |
| [Dual principal place exemption](http://www.sro.vic.gov.au/landtaxppr#120)  | □ | □ | Check all criteria. May apply where client has purchased a new home but yet to sell their existing home. |
| [Trust rate](http://www.sro.vic.gov.au/landtaxtrusts) – lodge form 8 notice  | □ | □ |  |
| [Absentee owner surcharge](https://www.sro.vic.gov.au/absentee-owner-surcharge)  | □ | □ |  |
| [Vacant residential land](https://www.sro.vic.gov.au/vacant-residential-land-tax) | □ | □ | Warning, Vacant residential land tax will apply to all residential land in Victoria from 1/1/25, based on occupancy in the 2024 calendar year. See (a) LPLC [Snapshot of Major… - Legal Practitioners' Liability Committee (lplc.com.au)](https://lplc.com.au/news-and-alerts/snapshot-of-major-victorian-property-tax-changes-effective-from-1-january-2024)(b) [Vacant Residential Land… - Legal Practitioners' Liability Committee (lplc.com.au)](https://lplc.com.au/resources/lplc-article/vacant-residential-land-tax-changes-some-questions-answered) |
| [Special land tax](http://www.sro.vic.gov.au/special-land-tax) – a one off payment where an exemption ceases to apply | □ | □ |  |
| [Other exemptions](http://www.sro.vic.gov.au/node/1460) – eg retirement villages | □ | □ |  |

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| Administrative matters |
| **Item** | **Client** | **Practitioner** | **Comments** |
| [ABN application](https://www.ato.gov.au/business/registration/work-out-which-registrations-you-need/business-or-company-registrations/) and GST registration | □ | □ |  |
| [TFN application](https://www.ato.gov.au/Individuals/Tax-file-number/Apply-for-a-TFN/) | □ | □ |  |

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| Lodging fees |
| **Item** | **Client** | **Practitioner** | **Comments** |
| [Lodging fee](https://www.land.vic.gov.au/land-registration/fees-guides-and-forms/2020-21-fees)Estimate $.................. | □ | □ | See [Transfer of Land Fees Calculator](https://www.land.vic.gov.au/land-registration/fees-guides-and-forms/transfer-of-land-fees-calculator) |
| For more information see [2024-2025 fees](https://www.land.vic.gov.au/land-registration/fees-guides-and-forms/2024-25-fees) Note - Land Registry lodging fees are subject to annual increases by the Victorian government from 1 July each year. |

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| Subdivisions |
| **Item** | **Client** | **Practitioner** | **Comments** |
| Public open space | □ | □ |  |
| Planning / development / infrastructure levy or any financial obligations under section 173 agreements | □ | □ |  |

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| Other charges and issues to consider |
| **Item** | **Client** | **Practitioner** | **Comments** |
| Local council rates (including risk of supplementary rating or levies) | □ | □ |  |
| Local council cladding rectification agreement | □ | □ |  |
| Water rates and use | □ | □ |  |
| Owners corporation and risk of special levies | □ | □ |  |
| Estate agents commission / fees | □ | □ |  |
| Fire services property levy | □ | □ |  |
| Insurance | □ | □ |  |
| Guarantee, [Family Home Guarantee](https://www.housingaustralia.gov.au/), Regional First Home Buyer Guarantee | □ | □ |  |
| [Victorian Homebuyer Fund](https://www.sro.vic.gov.au/homebuyer) |  |  |  |
| Connection fees or other fees a developer can pass on via the statement of adjustments  | □ | □ |  |
| Penalties for late settlement | □ | □ |  |

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| Completed by |
| Name | Date |
| Signature |
| Name | Date |
| Signature |