

First Home Owner Grant Amendment Bill 2002

Explanatory note

This explanatory note relates to this Bill as introduced into Parliament.

Overview of Bill

The object of this Bill is to amend the *First Home Owner Grant Act 2000* as follows:

- (a) to extend, for a further 6 months, the scheme that provides for the payment of an additional grant in respect of new homes, but with a reduction in the amount of the additional grant from \$7000 to \$3000,
- (b) to make other changes to the additional grant scheme, including by extending some of the time periods during which building works must be completed in order to qualify for an additional grant,
- (c) to make it an offence to provide false or misleading information in or in connection with an application for a first home owner grant,
- (d) to confer on the Chief Commissioner of State Revenue power to recover from third parties an amount paid under the Act, or any penalty, that is recoverable by the Chief Commissioner under the Act.

Outline of provisions

Clause 1 sets out the name (also called the short title) of the proposed Act.

Clause 2 provides for the commencement of the proposed Act on the date of assent.

Clause 3 is a formal provision giving effect to the amendments to the *First Home Owner Grant Act 2000* set out in Schedule 1.

Schedule 1 Amendments

Extension of scheme for payment of additional grant

At present, the Act provides for the payment of an additional first home owner grant of up to \$7000 in respect of a new home if the contract to buy or build the home is made, or owner building work starts, after 8 March 2001 and before 1 January 2002 (subject to certain additional requirements with respect to completion of building work for homes that are not yet built). Accordingly, the maximum first home owner grant payable in respect of a new home was increased from \$7000 to \$14000.

The amendments extend the operation of the additional grant scheme for a further 6 months, but with a reduction in the amount of the additional grant payable. As a result of the changes, an additional grant of up to \$3000 will be payable in respect of a new home if the contract to buy or build the home is made, or owner building work is started, after 31 December 2001 and before 1 July 2002. Accordingly, the maximum first home owner grant payable in respect of the home will be increased from \$7000 to \$10000.

Similar to existing requirements, eligibility for the additional grant is subject, in the case of new homes that have not yet been built or completed, to certain requirements with respect to the start and completion of building works. The requirements can be summarised as follows:

- (a) in the case of a contract to build a home—the building work must be started within 26 weeks after the contract is made, and completed or required by the contract to be completed within 18 months after the building work is started, and
- (b) in the case of a contract for a purchase “off-the-plan”—the building work must be completed or required by the contract to be completed before 1 July 2004,
- (c) in the case of owner building work—the building work must be completed before 1 July 2004.

See **Schedule 1 [1]–[3]**.

Schedule 1 [7] contains a validation provision for grants already made under the new arrangements.

Other changes to additional grant scheme

As mentioned above, the existing additional grant scheme has certain eligibility requirements relating to the start and completion of building works on new homes. The amendments extend various deadlines under the scheme, with effect from 9 October 2001. Accordingly, the extensions will apply only in respect of contracts to buy or build new homes that were made, or owner building work that was started, on or after 9 October 2001. There are no changes to the deadlines in respect of contracts made, or owner building work started, before 9 October 2001. In the case of a contract to build a new home, at present the additional grant is payable only if the building work starts within 16 weeks after the contract is made and is completed (or required by the contract to be completed) within 12 months after it is started. Under the new eligibility requirements for contracts made on or after 9 October 2001 and before 1 January 2002, the building work must be started within 26 weeks after the contract was made and completed (or required by the contract to be completed) within 18 months after the building work is started.

In the case of a contract to purchase "off-the-plan", at present the additional grant is payable only if the building work is completed (or required by the contract to be completed) before 1 May 2003. Under the new eligibility requirements for contracts made on or after 9 October 2001 and before 1 January 2002, the building work must be completed (or required by the contract to be completed) before 1 January 2004.

In the case of owner building work, at present the additional grant is payable only if the building work is completed before 1 May 2003. Under the new eligibility requirements for owner building work started on or after 9 October 2001 and before 1 January 2002, the building work must be completed before 1 January 2004.

The amendments also make it clear that, for the purposes of the additional grant scheme, a **new home** may include a home that is substantially renovated, or demolished and rebuilt, in circumstances where the Commonwealth goods and services tax is payable.

See **Schedule 1 [1]**.

Schedule 1 [7] contains a validation provision for grants already made under the new arrangements.

False or misleading information

At present, the Act makes it an offence to knowingly give false or misleading information to an authorised officer of the Office of State Revenue. However, applications for a first home owner grant may be processed through financial institutions. The amendments make it an offence to knowingly give false or misleading information in or in connection with an application for a first home owner grant.

See **Schedule 1 [4]**.

Recovery of amounts from third parties

At present, the Act gives the Chief Commissioner of State Revenue power to recover certain amounts that are paid under the Act (such as amounts paid in error) and power to recover penalties in certain circumstances (such as where an amount is paid as a result of an applicant's dishonesty). The amendments will authorise the Chief Commissioner to recover those amounts from certain third parties, such as third parties who owe money to the person from whom the amount is recoverable or who hold money on account of that person. The powers are similar to the powers conferred on the Chief Commissioner in relation to the recovery of unpaid tax under section 46 of the *Taxation Administration Act 1996*.

See **Schedule 1 [5]**.

Savings and transitional

Schedule 1 [6] allows savings and transitional regulations to be made as a consequence of the proposed changes.