



## First Home Owner Rate of Duty

Sections 141 – 146 of the *Duties Act 2008*

**As at 9 May 2024**

The first home owner rate (FHOR) is a concessional rate of duty applied to certain transactions such as a contract to purchase or transfer a home or vacant land.

Eligibility for the FHOR is aligned with the requirements under the *First Home Owner Grant Act 2000*. See the '[First Home Owner Grant](#)' fact sheet for information about eligibility for the first home owner grant (grant).

A person may be entitled to the FHOR if the unencumbered value<sup>1</sup> of the land, or the land and home, under the transaction does not exceed the dutiable value thresholds and:

- they qualify for the grant or
- they would have qualified for the grant except that
  - the transaction was for the purchase of an established home or
  - no consideration was paid under the transaction or
  - they are an Indian Ocean Territories resident acquiring their first home.

### Dutiable value thresholds

The dutiable value thresholds apply to the whole value of the home or vacant land being transferred, not to the value of the person's interest in the property.

[Contact us](#) for rates that applied to transactions entered into before 2 July 2014.

### Home and land

Transactions entered into **before 9 May 2024**:

- The unencumbered value of the home and land together must not exceed \$530,000.
- No duty is payable if the dutiable value does not exceed \$430,000.
- If the dutiable value is between \$430,000 and \$530,000, duty is payable at a rate of \$19.19 for every \$100, or part of \$100, by which it exceeds \$430,000.

Transactions entered into **on or after 9 May 2024**:<sup>2</sup>

- The unencumbered value of the home and land together must not exceed \$600,000.
- No duty is payable if the dutiable value does not exceed \$450,000.
- If the dutiable value is between \$450,000 and \$600,000, duty is payable at a rate of \$15.01 for every \$100, or part of \$100, by which it exceeds \$450,000.

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<sup>1</sup> The unencumbered value of the land is defined in section 36 of the *Duties Act 2008*. It is generally the value on what the property would be sold on the open market, free of encumbrances.

<sup>2</sup> The previous rates continue to apply to agreements entered into before 9 May 2024 even if settlement occurs after this date.

## **Vacant land**

- The unencumbered value of the vacant land must not exceed \$400,000.
- No duty is payable if the dutiable value does not exceed \$300,000.
- If the dutiable value is between \$300,000 and \$400,000, duty is payable at a rate of \$13.01 for every \$100, or part of \$100, by which it exceeds \$300,000.

The Commissioner may apportion the first home owner rate of duty to land that is subdivided by a first home owner in certain circumstances. See [Commissioner's Practice DA 30 'First Home Owner Concession - Excluded Persons'](#) for more information.

## **Foreign transfer duty**

Foreign transfer duty<sup>3</sup> is chargeable when foreign persons purchase residential property. Even though the FHOR may apply to the transaction, foreign transfer duty is still chargeable if the purchaser is a foreign person. If there is more than one purchaser, foreign transfer duty will apply to the dutiable value of the foreign person's interest in the property.

See the '[Foreign Transfer Duty](#)' fact sheet for more information.

### *Example*

Kate, an Australian citizen, and her partner Simon, a foreign person, are first home buyers. They enter into an agreement to purchase a home as joint tenants for \$400,000.

They are eligible for the first home owner rate of duty and no transfer duty is payable because the dutiable value is below the first home owner rate thresholds.

Because Simon is a foreign person, the foreign transfer duty chargeable on Simon's 50 per cent joint tenant interest in the property is \$14,000 (\$200,000 x 7 per cent).

## **How to apply**

1. Lodge [Form F-FHOG1 'FHOG Application and/or Pre-approval for the First Home Owner Rate of Duty'](#) with an approved financial institution or RevenueWA.
2. If you meet the criteria, RevenueWA will send you a letter of approval and [Form FDA7 'First Home Owner Rate of Duty'](#).
3. Submit the transaction record (e.g. contract for sale and/or transfer of land) together with the completed [Form FDA7 'First Home Owner Rate of Duty'](#) and [Form FDA41 'Foreign Transfer Duty Declaration'](#) to your settlement agent or directly to RevenueWA if you are conducting your own settlement.

## **How to apply for a reassessment if duty has been paid**

If you have already paid duty on your transaction at a higher rate, go to [www.osr.wa.gov.au/portal](http://www.osr.wa.gov.au/portal) to lodge a reassessment request directly with RevenueWA and submit:

- a copy of the contract for sale by offer and acceptance or transfer of land relating to the purchase of the vacant land or established home and
- a copy of the Certificate of Duty that shows duty has been paid on the purchase.

Following your reassessment, we will refund any overpaid duty.

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<sup>3</sup> Foreign transfer duty is 7% of the dutiable value of the transaction.

### ***Time limit to apply for reassessment***

Apply for the FHOR before the later of:

- for a home – 12 months after the date when the transferee has been registered on the Certificate of Title of the property (generally the settlement date)
- for vacant land on which a home is to be built –
  - 12 months after the home is ready to be occupied (generally the handover date) or
  - three months after the grant has been paid.

### **Shared equity arrangements with the Department of Housing**

A person may qualify for the FHOR when purchasing some or all of the interest in their home with or from the Housing Authority. The assessment of duty on these transactions differs depending on the circumstances.

Shared equity transactions with the Housing Authority that are for 100 per cent interest in the property can be self-assessed in Online Duties. If the transaction involves the purchase of a partial or further interest from the Housing Authority or the repurchase of a partial interest by the Housing Authority, the transaction must be lodged with RevenueWA.

#### *Examples - Purchase **with** the Housing Authority*

1. Tim and Noelle, together with the Housing Authority, enter into a contract to purchase a home for \$420,000. They will buy a 60 per cent interest in the property and the Housing Authority will buy the other 40 per cent.

Although they are not entitled to receive the FHOG as the contract is for the purchase of an established home, duty assessed at the FHOR is nil as the total value of the property does not exceed \$430,000.

2. Joe and Mary, together with the Housing Authority, enter into a contract to purchase a home for \$500,000. They will buy a 60 per cent interest in the property and the Housing Authority will buy the other 40 per cent.

Although they are not entitled to receive the FHOG as the contract is for the purchase of an established home, duty assessed at the FHOR is \$7,505. Joe and Mary are required to pay duty of \$4,503 (60 per cent x \$7,505).

3. Jane, together with the Housing Authority, enters into a contract to purchase an apartment for \$800,000. She will buy a 60 per cent interest in the property and the Housing Authority will buy the other 40 per cent.

The value of the property is more than the established home threshold so the first home owner rate of duty does not apply.

### *Examples - Purchase **from** the Housing Authority*

1. John and Max enter into a contract to purchase an established home from the Housing Authority for \$400,000.

Although they are not entitled to receive the FHOG as the contract is for the purchase of an established home, the transaction is assessed at the FHOR. As the value of the home does not exceed \$430,000, the duty payable is nil.

2. Joe and Mary enter into a contract to purchase a 60 per cent interest in an established home from the Housing Authority who will retain the other 40 per cent. They pay \$288,000 which is 60 per cent of the total value of the property (\$480,000).

Although they are not entitled to receive the FHOG as the contract is for the purchase of an established home, the duty assessed at the FHOR is \$4,503. Joe and Mary are required to pay \$2,701.80 (60 per cent x \$4,503).

3. Joe and Mary enter into a contract to purchase a 60 per cent interest in a home from the Housing Authority who will retain the other 40 per cent. They pay \$390,000 which is 60 per cent of the total value of the property (\$650,000).

The value of the property is more than the established home threshold limit so the first home owner rate of duty does not apply.

The purchase of a further interest in a shared equity home from the Housing Authority may also qualify for the FHOR if the transaction satisfies the criteria.

For the FHOR to apply, the transaction must be within ten years of the original transaction and between the same transferee as the original transferee and a person who is not an interested person.<sup>4</sup>

See [Form FDA9 'Reduction of Transfer Duty for a Further Concessional Transaction'](#) for more information.

### *Examples - Purchase of a further interest from the Housing Authority*

1. Joe and Mary purchased a home for \$420,000 with the Housing Authority. They bought a 70 per cent interest for \$294,000 and the Housing Authority bought the other 30 per cent interest.

They were approved for the first home owner rate and didn't pay duty as the total value of the property didn't exceed the threshold at the time of the contract.

Three years later, Joe and Mary enter into a contract to buy the remaining 30 per cent interest from the Housing Authority for \$150,000. This further concessional transaction is assessed at the FHOR using the same rates and thresholds that applied at the time of the original contract. As the value of the home was below the threshold at the time of the original contract, the duty payable is nil.

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<sup>4</sup> An interested person is a person who is or will be an owner of the relevant home when the transaction is complete: FHOG Act s 16(3).

### Examples – Purchase of a further interest from the Housing Authority

2. Tim and Noelle purchased a home in 2019 for \$500,000 with the Housing Authority. They bought a 70 per cent interest for \$350,000 and the Housing Authority bought the other 30 per cent.

They were approved for the first home owner rate which, at the time, provided that no duty was chargeable for established homes up to the value of \$430,000. As the value of the property was more than \$430,000, they paid \$9,403.10 (70 per cent) of the \$13,433 duty.

Five years later, they enter into a contract to purchase the remaining 30 per cent interest from the Housing Authority for \$200,000 based on a current market valuation. This further concessional transaction is assessed at the FHOR using the same rates and thresholds that applied at the time of the original contract.

The amount of duty at the first home owner rate is \$13,433 based on the full value of the property in 2019. However, the duty they had already paid for the initial purchase is deducted from the total amount of duty payable, so Tim and Noelle are required to pay \$4,029.90 (\$13,433 - \$9,403.10).

### Obligation to notify the Commissioner of State Revenue

As the FHOR is aligned with the criteria and conditions for the grant, the transferee must meet the grant requirements regardless of whether they receive the grant. This includes notifying the Commissioner of State Revenue within 30 days of the date it becomes apparent that any eligibility criteria will not be met.

See the [‘First Home Owner Grant’](#) fact sheet for the criteria and conditions that must be met.

If a person is required to repay the grant, a transaction that has been assessed at the FHOR will be reassessed at the general rate of duty.

### Penalty

Providing false or misleading information is an offence under the *Taxation Administration Act 2003* for which the maximum penalty is \$20,000 plus three times the amount of tax that was or might have been avoided.

## Contact RevenueWA

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|--------------------|--|----------------|---|
| <b>Web Enquiry</b> | <a href="http://www.osr.wa.gov.au/DutiesEnquiry">www.osr.wa.gov.au/DutiesEnquiry</a> | <b>Website</b> | <a href="http://WA.gov.au">WA.gov.au</a>                        |
| <b>Office</b>      | 200 St Georges Terrace<br>Perth WA 6000  | <b>Phone</b>   | (08) 9262 1100<br>1300 368 364<br>(WA country landline callers) |
| <b>Postal</b>      | GPO Box T1600<br>Perth WA 6845   |                |   |

**Note:** This fact sheet provides guidance only. Refer to the *Duties Act 2008* and the *First Home Owner Grant Act 2000* for complete details.