



First Home Owner Grant Fact Sheet

As at 1 January 2010

INTRODUCTION

The Western Australian Government's aim is to help people purchase their first home through a First Home Owner Grant (FHOG) Scheme.

The grant was introduced to offset the higher housing costs associated with the introduction of the Goods and Services Tax (GST) on 1 July 2000. All States and Territories provide the grant under broadly uniform arrangements agreed with the Federal Government.

This fact sheet explains how the First Home Owner Grant Scheme operates and is a guide to assist with frequently asked questions in regards to whether you may be eligible. It should not be relied upon to determine your eligibility. Should you have any doubts on your eligibility, contact the WA Office of State Revenue.

ELIGIBILITY FOR THE GRANT

How do I know if I am eligible for the grant?

To be eligible for the grant:

1. You must be an **eligible person**; and
2. You must have entered into an **eligible transaction**; and
3. The total value of the property (i.e. total value of the home and land) must not exceed a cap amount.

1. Who is an eligible person?

- Applicants must be natural persons (e.g. not a company) and 18 years of age or over at the commencement date of the eligible transaction#.
- At least one of the applicants must be an Australian Citizen or Permanent Resident at the commencement date of the eligible transaction.
- Applicants and/or their spouse* cannot have previously received a grant under this scheme.
- Applicants and/or their spouse* must not have previously owned residential property, anywhere in Australia, prior to 1 July 2000.
- Applicants and/or their spouse* must not have previously purchased and occupied residential property, anywhere in Australia, as a place of residence on or after 1 July 2000.
- Applicants must occupy the home purchased or built, as their principal place of residence for a continuous period of six months commencing within twelve months of settlement in the case of established properties, or within twelve months of completion in the case of a home being built.
- Everyone with a relevant interest in the home must be an applicant. For example, every person who will be registered on the Certificate of Title must be an applicant.

The Commissioner may consider an exemption from this requirement in certain cases.

* Spouse – someone you are legally married to or a de facto partner of two years standing at the time commencement of the **eligible transaction**.

2. What is an eligible transaction?

- A contract made on or after 1 July 2000 for the purchase of a home; or
- A comprehensive home building contract made on or after 1 July 2000; or

- In the case of an owner builder, building work on the home commenced on or after 1 July 2000.

3. What is the cap amount?

- For an **eligible transaction** made on or after 1 January 2010, the total value of the property (i.e. total value of the home and land) must not exceed \$750,000 if the home is located south of the 26th parallel or \$1,000,000 if the home is located north of the 26th parallel.

FREQUENTLY ASKED QUESTIONS

GENERAL INFORMATION

How much is the grant?

Currently the grant is \$7,000 or the amount that you must pay to purchase or build the house, whichever is the lesser amount.

How long will the grant be available for?

The legislation does not include an end date for the scheme.

Does my income affect the grant?

No, the grant is not income tested.

What type of home qualifies for the grant?

It can be a house, unit, duplex, flat, townhouse etc. The home must be affixed to land and lawfully used as a place of residence. The grant will not be available for renovation to an existing building or for the purchase of vacant land.

Are there any conditions attached to how the grant may be used?

No, if you are eligible there are no conditions as to how the grant funds may be used by the applicant, however, private arrangements may be entered into with your financial institution in regards to how it will be used in order to gain finance approval.

Can I rent the home out before I move in?

Yes, provided you occupy the home as your principal place of residence within 12 months of:

- settlement, in the case of established properties; or
- completion, in the case of a home being built.

Where is the 26th parallel located?

The 26th parallel is a circle of latitude that is 26° south of the equator. Examples of location are:

- Town of Kalbarri is south of the 26th parallel; and
- Town of Denham is north of the 26th parallel.

RESIDENCY REQUIREMENT

When do I have to occupy the home and for how long?

You **must** occupy the home as your principal place of residence for a **continuous period of 6 months**, commencing within 12 months of:

- settlement, in the case of established properties; or
- completion, in the case of a home being built.

If you are unable to occupy the home as your principal place of residence for a continuous period of 6 months, the onus is on the applicant to advise the Commissioner of their circumstances. The Commissioner may consider an exemption from this requirement in certain cases.

What happens if I cannot meet the residency requirement?

If you are unable to move into the home within the 12 month period, you must give written notice of the fact to the Commissioner. This notice must be given **within 30 days** of the expiration of the required 12 month residency take-up period, or the date it becomes apparent you will not be able to fulfil the requirement (whichever is the earlier).

The Commissioner will make a determination if you are required to repay the grant, and advise you accordingly.

Failure to advise the Commissioner in writing will result in the applicant being required to repay the grant with penalties, and also being ineligible for a future grant.

CAP ON THE GRANT

Does the value of my property affect the grant?

Yes, from 1 January 2010 the Western Australian government introduced a cap amount (see point 3 'What is the cap amount?' above) on the total value of buying or building a home for which the first home owner grant will be payable. The cap amount only applies to the following **eligible transactions**:

- in the case of a contract to purchase or build, the date of the contract is made on or after **1 January 2010**; or
- in the case of the building of a home by an owner builder, the laying of the foundations commenced on or after **1 January 2010**.

How is the Total Value determined?

The total value of a transaction can be determined by applying the following:

- **Established, New Home or Off-the-Plan** – the greater of the consideration for the contract to purchase, or the unencumbered value.
- **Contract to Build** – the total of the consideration for the contract to build, and the unencumbered value of the land.
- **Owner Builder** – the unencumbered value at the date the transaction is completed, of the home (i.e. total value of the home and land).

NOTE: The cap **does not** apply to an **eligible transaction** entered into between **1 July 2000 and 31 December 2009** (inclusive).

SPOUSE ELIGIBILITY

Am I eligible if my spouse/de facto has owned, or still owns a home?

No. The applicant **and** their spouse/de facto must never have previously owned a home **anywhere** in Australia **before 1 July 2000**, even where the spouse/de facto is not an applicant for the grant to the **eligible transaction**.

PREVIOUS OWNERSHIP

What if I own or have previously owned vacant land?

Owning vacant land will not affect your eligibility for the grant regardless of when it was purchased.

If I purchase a home on or after 1 July 2000 and never live in it, will I be eligible for the grant for my next home?

Yes, provided that you occupy the next home as your principal place of residence. Bear in mind that this depends on your individual circumstances and you should contact the Office of State Revenue for further information.

APPLICATION FOR THE GRANT

Where can I obtain the WA First Home Owner Grant application form?

- From the First Home Owner Grant website at www.osr.wa.gov.au or www.firsthome.gov.au

When do I lodge my application form?

An application may be lodged at any time after:

- A contract to buy or build is made; or
- The foundations are laid on an owner builder home;

provided the application is **lodged within 12 months of completion** of the eligible transaction.

Where can I lodge the application form?

Applications may be lodged through an approved First Home Owner Grant participant*, or with the WA Office of State Revenue.

If you are unsure where to lodge your form and are obtaining finance through a financial institution, please consult with them prior to lodgement to ensure that your form is sent to the correct place.

* An approved First Home Owner grant participant is a body (usually a financial institution) that has an arrangement with the Commissioner of State Revenue to receive and process applications.

SUPPORTING DOCUMENTATION

What evidence do I need to provide with my application?

You need to provide documentary evidence that proves you are an eligible person and have entered into an **eligible transaction**.

This will include evidence of your Australian citizenship or permanent residency status, a copy of your contract for purchase or building contract, and in some cases a copy of a valuation of the home for a **related party transaction**.

More specific details are provided on the “First Home Owner Grant Application Form and Lodgement Guide”.

RELATED PARTY TRANSACTIONS

What is a related party transaction?

A related party transaction is an **eligible transaction** where the applicant(s) or their spouse/de facto partner is related to or associated with the vendor or builder.

A person is related to or associated with another party where:

- One is the spouse/de facto of the other; or
- They are related by blood, marriage or adoption; or
- They are a Shareholder or Director of the other party, being a company; or
- They are a Beneficiary of a trust for which the party is a trustee; or
- The transaction is otherwise not at arm’s length.

REJECTED APPLICATIONS

What can I do if the Commissioner rejects my application?

If you are not satisfied with the Commissioner’s decision to reject your application, you may lodge a formal objection against the decision, stating fully in writing the grounds on which the objection is based.

OFFENCES

Making a false or misleading statement in connection with an application for a grant carries a penalty up to \$20,000, and you may be required to repay the grant with penalties and other costs.

FOR MORE INFORMATION

Website: www.osr.wa.gov.au or www.firsthome.gov.au

Email: firsthomegrant@dtf.wa.gov.au

Telephone: (08) 9262 1299 or 1300 363 211

Facsimile: (08) 9262 1597

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