

Revenue Ruling

First Home and Housing Construction Grants Act 2000

FHOG004

EX GRATIA SCHEME FOR THE PROVISION OF THE HOUSING CONSTRUCTION GRANT FOR NEW HOMES IN RETIREMENT VILLAGES

Background

The *First Home Housing and Construction Grants Act 2000* (the "Act") provides for a number of house purchase assistance measures, including the Housing Construction Grant (HCG).

The HCG was introduced on 15 October 2012 to provide an urgent boost to the State's housing construction industry and help stimulate the property sector. It was intended that all eligible new homes valued up to \$450 000 would receive the HCG.

Discussion

A HCG is available in relation to the following new home transactions:

- ▶ a contract for the purchase of a new home; or
- ▶ a comprehensive home building contract for a new home; or
- ▶ the building of a new home by an owner builder.

In all cases the Act requires that the applicant be the owner of the land on which the home is built in order to access the HCG.

For various reasons where new homes have been constructed in retirement villages, parties have been unable to claim the HCG.

In the case of new large scale retirement village developments, it has been identified that the owner of the land will be ineligible to apply for the HCG in circumstances where the whole retirement village is built on one title because of issues in relation to the market value provisions of the HCG.

In view of the underlying policy for the HCG being to encourage the construction of new homes, the Treasurer has approved an *ex gratia* scheme whereby new homes constructed on land in retirements villages will be eligible for *ex gratia* relief payments equivalent to the HCG.

The *ex gratia* relief will in all cases be paid to the owner of the retirement village land when an eligible new home has been constructed as part of a retirement village.

The *ex gratia* payment will only be available where it is clear that no party would otherwise be eligible to claim the HCG under the Act.

In such instances, the owner of the land on which the retirement village development is built will be eligible to apply for an *ex gratia* payment in respect of each new

home built in the retirement village where the buy-in price for a new home is less than \$450 000.

RevenueSA reserves the right to claw-back any *ex gratia* payment made where it is subsequently determined that the market value of the new home is more than the original buy-in price.

Further Information

Further information relating to the HCG, including the eligibility requirements, is outlined in [Information Circular 51](#) and on www.revenuesa.sa.gov.au.

If you are unsure about any aspect concerning your eligibility, it is important that you contact RevenueSA for clarification before proceeding with your application.

Applications for an *ex gratia* payment should be made directly with RevenueSA.

This Revenue Ruling applies to all otherwise eligible transactions entered into between 15 October 2012 and 31 December 2013 (inclusive).

Further information can be obtained from RevenueSA.

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History

This Revenue Ruling is effective from 8 November 2013.

This is the first Revenue Ruling issued on this topic.

Mike Walker
COMMISSIONER OF STATE TAXATION

8 November 2013