



Information Circulars do not have the force of law.

Information Circular	107
	First Home Owner Grant - Property Value Cap
Status	Current. Replaces Information Circular 105
Legislation	<i>First Home and Housing Construction Grants Act 2000</i>
Date Issued	7 June 2024

Background

As part of the State Budget handed down on 6 June 2024, the Government announced that the property value cap for the first home owner grant (FHOG) would be removed.

Property Value Cap

If the commencement date of an eligible transaction is

- On or after 6 June 2024, no property value cap; or
- Between 15 June 2023 and 5 June 2024, the first home owner grant will not be available where the market value of the home exceeds \$650,000; or
- between 17 September 2010 and 14 June 2023, the first home owner grant will not be available where the market value of the home exceeds \$575,000.

The commencement date is determined as follows:

in the case of:	the commencement date is:
a contract for the purchase of a home	the date the contract is made
a comprehensive building contract with a builder	the date the contract is made
the building of a home by an owner builder	the date when laying the foundations for the home commences, or another date the Commissioner of State Taxation (the "Commissioner") considers appropriate in the circumstances of the case. The Commissioner

considers that laying the foundations occurs on the date the concrete slab is laid.

An 'eligible transaction' in regard to the first home owner grant is:

- a) a contract made on or after 1 July 2000 for the purchase of a home;
- b) a comprehensive home building contract made on or after 1 July 2000 by the owner of land, or a person who will on completion of the contract, be the owner of land, to have a home built on the land; or
- c) the building of a home by an owner builder if the building work commences on or after 1 July 2000.

Market Value

The market value of a home to which the eligible transaction relates is:

- in the case of a contract for the purchase of a new home:
 - the consideration for the purchase of the property (land, home and any other improvements); or
 - where that consideration is less than the market value, then the market value of the property (land, home and any other improvements) on which the home is situated as at the time when the contract is made as determined by the Commissioner.
- in the case of a comprehensive home building contract:
 - the sum of the consideration for the comprehensive home building contract and the market value of the property (land) on which the home is to be built as at the time when the building contract is made; or
 - where the consideration for the relevant building work is less than the actual costs to build the home, the sum of the actual costs to build the home as determined by the Commissioner and the market value of the property (land and any other improvements) on which the home is to be built as at the time the building contract is made as determined by the Commissioner.
- in the case of the building of a home by an owner builder:
 - the market value of the property (land, home and any other improvements) on which the home is situated as at the time the home is completed and ready for occupation as a place of residence as determined by the Commissioner.

To avoid doubt, the market value of any property on which a home is situated will be the market value of the land, the home and any other improvements.

Market Value of a Home on a Genuine Farm

If the eligible transaction relates to a home on a 'genuine farm', for the purposes of determining the market value, the 'relevant component' of the farm is taken to constitute the property on which the home is situated, or is to be built.

'Genuine farm' means land as to which the Commissioner is satisfied:

- a) the land is to be used for primary production by the first home owner; and
- b) the land is, by itself or in conjunction with other land owned by that person, capable of supporting economically viable primary production operations.

'Relevant component' of a genuine farm means that part of the farm constituted by the home and its curtilage, or the part of the land that is to constitute the site and curtilage of a home that is to be built. Whilst 'curtilage' is not defined in the *First Home and Housing Construction Grants Act 2000* (the "Act"), the Commissioner considers 'curtilage' to be the area generally regarded as the house block of the property. Each case will be considered on its individual merits.

Market Value of a Non-Conforming Interest

In the unusual situation where the first home owner is entitled to FHOG by virtue of the recognition of a non-conforming interest as a relevant interest via the operation of Section 5(4) of the Act, the market value is determined in accordance with Section 18BB(3) of the Act.

Market Value Methodology

The Commissioner may adopt or approve any method considered reasonable for the purposes of determining any value or costs in relation to market value, including by requiring that a valuation of property be made by a person appointed or approved by the Commissioner. In that situation, the Commissioner may, having regard to the merits of the case, charge the whole or any part of the expenses of, or incidental to, the making of the valuation to the applicant(s) and may recover the amount so charged from the applicant(s) as a debt due to the Crown.

Whilst the Commissioner will generally accept a site value in the relevant year by the Valuer-General (as used for rating purposes) as the market value of land, the Commissioner will where necessary refer a matter requiring valuation to the Valuer-General.

False Claims and Penalties

There are substantial penalties for dishonestly providing incorrect or misleading information in connection with an application for the first home owner grant. RevenueSA conducts investigations and compliance checks to ensure recipients of the first home owner grant satisfy the eligibility criteria. Applicants who are found not to be eligible for the first home owner grant will be required to repay the grant.

How to Apply

Information on how to apply for a first home owner grant is available on the RevenueSA website.

Julie Holmes
COMMISSIONER OF STATE TAXATION

7 June 2024

Further Information

Further information can be obtained from RevenueSA.

Website www.revenuesa.sa.gov.au

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