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# New foreign land tax surcharge to hit on January 1



Foreign buyers' share of the new home market dropped to 10 per cent...likely due to taxes and lack of funding. James Alcock



by Su-Lin Tan

Residential foreign buyers will once again be slammed with a new tax, when the NSW foreign land tax surcharge goes into force at midnight on December 31.

Along with the NSW residential duty surcharge of 4 per cent that was introduced on June 21, foreigners would need to pay an additional 0.75 per cent tax for residential land they hold.

This is on top of the 1.6 per cent currently levied on NSW residential land.

Foreign buyers would not be able to access the land tax-free threshold nor would there be an exemption for the principal place of residence.

These buyers will need to lodge an initial NSW land tax return by January 31.

"There are not many people calling about this tax, probably because they are not fully aware of it," foreign property lawyer Apex Lawyers partner Chris Sun said.

"Just a few of our clients have asked us about it."

Ms Sun said overall, aside from luxury real estate, foreign buyers were unfazed by land tax because they mostly own apartments or small houses which have small land value.

Australia's largest Chinese real estate website ACProperty director Esther Yong agreed many foreign buyers were not aware of the new land tax surcharge. Its agents

have not received many inquiries about the tax.

"I don't think the news has been well disseminated [to foreign lawyers and agents in Australia]," she said.

This latest surcharge will bring NSW in line with the rest of the eastern seaboard.

Victoria has long had a 0.5 per cent land tax surcharge for foreign buyers, and on January 1, that surcharge will rise to 1.5 per cent.

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Industrial / Warehouse 620m<sup>2</sup>



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Concerns have been mounting about the level of foreign investments and their ability to pay off their real estate purchases since the stamp duty surcharge was introduced and [local banks stopped lending to foreign buyers](#).

In NSW the stamp duty surcharge is 4 per cent in addition to any transfer duty on residential property.

[In Victoria, that surcharge rose to 7 per cent in July, up from 3 per cent.](#)

[Queensland implemented a 3 per cent](#) surcharge from October 1, known as the Additional Foreign Acquirer Duty.

Foreign persons include migrants who have not been in Australia for at least 200 days in the preceding calendar year, according to the Foreign Acquisitions and Takeovers Act.

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