Podcast Transcript

Episode Title: Buying Off-the-Plan Purchases - GST & Land Tax
Host: Ian (Speaker 2)
Guest: Paul Denny (Speaker 1)
Date: December 12, 2024

Transcript

Ian (00:00.000)

Paul Denny from Bowral Conveyancing, a very good morning to you.

Paul (00:02.000)

Good morning, Ian.

Ian (00:02.500)

We've been having a fascinating conversation over the last few weeks about buying off the plan, which I always feel would be a fairly nerve-wracking experience.

Paul (00:08.500)

In many respects it is, and you know, we're constantly saying get the contract checked, particularly so with off-the-plan. Today, I just want to talk about a couple of other issues that do come up fairly frequently.

One is GST. Now, you wouldn't even think about this affecting the purchase of a property, but when you buy a property, there's no GST, except if it's brand new.

Ian (00:35.000)

Really?

Paul (00:35.500)

So GST is payable. Now, usually it's payable by the developer. So if you're paying, say, $900,000 for an apartment, the developer has to pay something like $85,000 as GST to the government. But I have seen a couple of contracts which say GST is added on to the price. So instead of paying $900,000, you're paying $990,000.

Ian (01:08.000)

That's fierce.

Paul (01:12.622)

But it gets better, because you pay stamp duty on the extra $90,000 as well. That's a very good reason why that should be excluded from the contract. I must say it's not a big issue, but I have seen it on a few occasions.

The other one is land tax. Now, most of us don't pay land tax because we either live in a house or the property we own is below the threshold, but developers do because they have this huge development lot with a huge value, and that attracts land tax. When they're selling the units in that particular development, they'll often try and recoup some of that land tax from the buyers. It's a clause that we always ask to be taken out of the contract.

Most times it is, but sometimes it's not. At least we should identify it and advise our clients, "Do you realise you're going to pay another $1,000 in land tax?" "Oh, okay, I didn't know that. Let's have a go at getting it out." So that's another good reason why the contract should be looked at.

Ian (02:22.000)

And should you be looking at potential properties being built around you?

Paul (02:25.500)

Well, that's the other thing that's coming up, because often when there's a new development, it's a new development in a whole new precinct. So you might be buying an apartment in a multi-story building with beautiful views. But when you move in, you find there's another apartment block going up right next door to you. And what was a view of something nice is now someone else's bedroom.

Ian (02:41.346)

Yeah, the kitchen. Instead of looking at the Sydney Opera House or the Wingecarribee River for that matter, you're suddenly looking at that.

Paul (02:51.000)

So, and there are usually clues if there's a lot of building activity in the area and if it's a new area that's just being opened up. But there are ways to investigate what's going to happen in the area, maybe through the council or just asking questions of local agents. That's an important thing because if you lose your view, a lot of the value disappears as well.

Ian (03:13.000)

Absolutely. So clearly planning is incredibly important, and most people, to be honest, don't really know how to...

Paul (03:19.000)

Well, that's why we're there. So we'll identify all those things. Look, if anyone wants to know more about this, I know we've been talking about Off The Plan for two or three weeks now, we've got a very comprehensive information brochure on our website. I'd invite people to access that through the insights page on our website and just click on the button that says "Buying Off The Plan," and everything we've spoken about in the last two or three weeks is in there.

Ian (03:44.000)

Paul Denny, thank you very much. What's the website address?

Paul (03:49.612)

bowralconveyancing.com.au.

–

Key Information

Website: www.bowralconveyancing.com.au