



## Housing Construction Grant



### Housing Construction Grant

The Housing Construction Grant (HCG) is a grant of up to \$8500, which is available to all home buyers who are purchasing or building a new home, (up to a market value of \$450 000). For first home buyers, this is in addition to the [First Home Owner Grant](#) (FHOG).

As part of the State Budget 2013 handed down on 6 June 2013, the Treasurer announced that the Housing Construction Grant be extended for a further six months to 31 December 2013 (inclusive).

The HCG applies to:

- contracts to purchase a new home entered into between 15 October 2012 and 31 December 2013 (inclusive);
- comprehensive home building contracts for new homes entered into between 15 October 2012 and 31 December 2013 (inclusive) where the contract states that the building will be completed within 18 months of commencement or the building work is actually completed within 18 months of commencement;
- contracts for the purchase of a new home off-the-plan entered into between 15 October 2012 and 31 December 2013 (inclusive) where the contract states that the building work will be completed on or before 30 June 2015 or the building work is actually completed on or before 30 June 2015; and
- owner builders where construction of the new home commences on or after 15 October 2012 and before 1 January 2014.

The HCG is available to natural persons, companies and trusts. The new home may be intended for occupation as a place of residence or investment. Unlike the FHOG, the new home does not need to be resided in, nor does the applicant need to be an Australian citizen or permanent resident.

There are no restrictions on the number of times a purchaser can apply for the HCG, regardless of whether a person purchases or builds a new home alone or together with others. Previous recipients of a FHOG are also entitled to the HCG. However, where the HCG has been paid in relation to the purchase of a property, no further HCG can be paid in respect of that property, unless that previously paid HCG has been repaid.

### How much is the HCG?

A HCG of \$8500 is available for new homes where the market value does not exceed \$400 000, and phases out for new homes with a market value between \$400 000 and \$450 000 at a rate of \$17 for every \$100 in excess of \$400 000.

The table below outlines the maximum grant available in increments of \$5000 increases over \$400 000.

Market Value	HCG
Up to \$400 000	\$8500

\$405 000	\$7650
\$410 000	\$6800
\$415 000	\$5950
\$420 000	\$5100
\$425 000	\$4250
\$430 000	\$3400
\$435 000	\$2550
\$440 000	\$1700
\$445 000	\$850
\$450 000 and above	Nil

It should be noted that if the consideration for the purchase of the property is less than \$8500 (e.g. where a property is inherited), the amount of the HCG paid will not exceed the consideration.

### Market Value

The market value of a property includes the market value of the land, the home and any other improvements.

#### Example 1

John bought a block of land in 2005 which is still vacant and is now valued at \$200 000. John signs a comprehensive home building contract to build a new home on the land for consideration of \$300 000. John will not be eligible for the HCG because the value of the home will be \$500 000 which is above the value cap of \$450 000.

NOTE: in the cases of a genuine farm the market value of the property will be determined on the value of the home and curtilage area of that part of the land that is to constitute the site and curtilage of a home that is to be built on that site.

### Consideration

Where the consideration for an eligible transaction is less than \$8500 and applicants are not eligible for the FHOG for new homes the amount of the HCG will not exceed the consideration for the eligible transaction.

#### Example 2

Mike buys a new home that is valued at \$300 000 for \$1.

Mike is not eligible for a FHOG but is eligible for the HCG.

The amount of the HCG will be \$1.

Where the consideration for the eligible transaction is between \$15 000 and \$23 500 and applicants are eligible for the FHOG for new homes and the HCG, the amount of the HCG will not exceed the difference between the consideration paid for the eligible transaction and \$15 000.

#### Example 3

Jane buys a new home from her mother for consideration of \$20 000. The new home has a value of \$390 000.

Jane is eligible for both the FHOG for new homes and the HCG.

Jane will be eligible for a payment of \$20 000 made up of a \$15 000 FHOG and a \$5000 HCG.

### **What are the eligibility requirements?**

#### ***Date of eligible transaction***

Eligible transactions must have commenced between 15 October 2012 and 31 December 2013 (inclusive).

#### ***Building Completion Requirements***

- **If you have entered into a contract to build a new home:**

The contract must state that the building work must be completed within 18 months of the construction commencing or the building work must actually be completed within 18 months of commencement.

If a completion date is not stated in the contract, you cannot receive the HCG until the building is ready for occupation as a place of residence.

- **If you have commenced building a new home as an owner builder:**

Construction must be completed within 18 months of the construction commencing (date of the laying of the foundations). The construction completion date is the actual date the building becomes ready for occupation as a place of residence.

You cannot receive the HCG as an owner builder until the building is ready for occupation as a place of residence.

- **If you have entered into a contract to buy a new home off-the-plan:**

The contract must state that the building work will be completed on or before 30 June 2015 or the building work must be completed on or before 30 June 2015.

You cannot receive the HCG until the building work has been completed and settlement has occurred.

The Commissioner of State Taxation (the "Commissioner") may, in a particular case, extend the time within which an eligible transaction must be completed if the Commissioner considers there are proper reasons for doing so.

#### **Property Value Cap**

A property value cap applies. The property value cap is \$450 000 based on the market value of the property purchased or built.

In the case of comprehensive building contract the market value is:

- the sum of the consideration for the building contract and the market value of the property on which the home is to be built as at the time the contract is made; or
- where the consideration for the building contract is less than actual costs, the sum of the actual costs to build the home and the market value of the land on which the home is to be built as at the time the building contract is made.

In the case of an owner builder the market value is:

- the market value of the property on which the home is situated at the time the home is completed and ready for occupation as a place of residence.

NOTE: in the cases of a genuine farm the market value of the property will be determined on the value of the home and curtilage area of that part of the land that is to constitute the site and curtilage of a home that is to be built on that site.

## What Transactions are ineligible?

The following transactions are ineligible for the HCG:

- A contract which replaces an existing contract made before 15 October 2012 where the earlier contract was:
  - a contract for the purchase of the same home; or
  - a comprehensive home building contract to build the same or a substantially similar home;
- Where the Commissioner is satisfied that a contract that formed the basis of an eligible transaction for the purchase (or purported purchase) of a new home does not constitute a genuine sale of the new home.

For these purposes, the Commissioner may take into account:

- whether the parties to the contract are close associates;
- whether the parties are otherwise not at arms length; or
- such other matters as the Commissioner considers appropriate.

Two persons are considered close associates if:

- one is a relative (spouse/domestic partner; parent or remoter lineal ancestor; son, daughter or remoter ancestor; or brother or sister) of the other;
- they are related bodies corporate (within the meaning of the Corporations Act 2001 (Cwlth));
- one is a body corporate and the other is a director, manager or officer of the body corporate;
- one is a body corporate (other than a public company whose shares are quoted on a financial market) and the other is a shareholder in the body corporate;
- one has a right to participate (otherwise as a shareholder in a body corporate) in income or profits derived from a business conducted by the other;
- they are in partnership; or
- one is a beneficiary under a trust or an object of a discretionary trust of which the other is a trustee.

### Example 4

Tim has just built a new home which is valued at \$400 000 and has yet to be occupied as a place of residence.

Tim enters into a contract to sell 2.5% of his interest in the home to his wife for \$10 000.

The Commissioner is satisfied that the contract does not constitute a genuine sale of a new home and does not authorise payment of HCG.

The application of the above criteria will be considered on a case by case basis taking into account all of the facts and circumstances.

## When is the HCG paid?

The date the HCG is paid depends on whether you are building or buying, and if you are applying through an Approved Agent or through RevenueSA. The following table details the various scenarios.

Type of transaction	Applying through	Payment of grant
Purchase of a new home or an off-the-plan home	Approved Agent	At date of Settlement
	RevenueSA	Within five days after approval of the application and when proof of lodgement for registration with the Lands Titles Office is provided (please complete a <a href="#">Confirmation of Settlement form</a> ).
Contract to build	Approved Agent	On date of first progress payment by Approved Agent.
	RevenueSA	Within five days of lodging the first progress payment invoice with, and approval of the application by, RevenueSA.

Owner builder	Approved Agent	When application with appropriate supporting evidence is provided to the Approved Agent.
	RevenueSA	Within five days of RevenueSA approving the application lodged with appropriate supporting evidence.

### How do I apply?

Submit your [Housing Construction Grant Application](#) to RevenueSA or an [Approved Agent](#) together with supporting documentation. Applications must be received within 12 months of the completion of the eligible transaction. A separate application is required for each eligible transaction.

You can complete and lodge the application form with the financial institution providing your finance as part of buying or building your home, if they are an Approved Agent.

RevenueSA may require documentary evidence to substantiate your claim for the HCG.

### False Claims

There are substantial penalties for providing incorrect or misleading information in connection with an application for the HCG benefits. RevenueSA conducts investigations and compliance checks to ensure HCG benefits are only provided to applicants entitled to receive them.

RevenueSA undertakes both random and targeted auditing of applications with the benefit of current and historical data held by commercial organisations and by state and territory agencies.

### Further Information

If you are unsure about any aspect concerning your eligibility, it is important that you contact RevenueSA on 08 8226 3750 or email [fhog.support@sa.gov.au](mailto:fhog.support@sa.gov.au) for clarification before proceeding with your application.

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