



NEW RULES APPLYING SOON FOR SELLING PROPERTY

July 2016



- Foreign residents may apply to the ATO for a variation to the 10% non-final withholding tax; and they will need to provide this variation notice to the purchaser prior to settlement.
- Vendors can claim a credit for the withholding amount paid to the ATO against the final tax assessed in their income tax return.

Purchasing property over \$2 million

- You will be required to withhold 10% of the purchase price and pay it to the ATO unless the seller provides you with a clearance certificate.
- You may vary down the 10% non-final withholding tax if the seller has received a variation notice from the ATO and provided it you prior to settlement.
- Purchasers must pay the amount withheld at settlement to the ATO.

Conveyancers will receive a detailed education guide in the coming weeks. **Clearance certificate application instructions** and **rate variation application instructions** will be released shortly.

New rules will soon apply to sales of taxable Australian real property with a market value of \$2 million or more.

Sellers will incur a 10% non-final withholding tax all contracts entered into on or after 1 July 2016, unless they obtain a clearance certificate or variation certificate.

Selling property over \$2 million

- Australian residents need to obtain a clearance certificate from the ATO prior to settlement to avoid the 10% non-final withholding tax; and they will need to provide it to the purchaser prior to settlement.