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THE LEGISLATIVE ASSEMBLY FOR THE

AUSTRALIAN CAPITAL TERRITORY

ELEVENTH ASSEMBLY

Standing Committee on Public Accounts and Administration

Report No. 5 - Inquiry into Home Buyer Concession Scheme Administration

Government Response

Presented by
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Minister for Finance
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Introduction

On 9 April 2025, the ACT Legislative Assembly requested that the Standing Committee on Public Accounts and Administration inquire into and report on the administration of the Home Buyer Concession Scheme (HBC) Scheme and issues arising under the *Taxation Administration Act 1999* (TA Act), including:

- the effectiveness and appropriateness of the self-assessment process;
- the fairness, transparency and financial impacts of reassessments;
- the appropriateness and proportionality of penalties and interest charges;
- the scope and exercise of administrative discretion by the Commissioner for ACT Revenue, the Treasurer and Minister for Finance;
- the adequacy of the objections and appeals process, including limitations on external review;
- potential legislative or policy reforms to improve the application and reassessment processes;
- the reassessment process, including timeframes, and the use of Business Intelligence; and
- any other relevant matter.

Overview of the ACT Government Response

The ACT Government is committed to ensuring the administration of the HBC Scheme is effective, appropriate and fair. The Government acknowledges and thanks the Standing Committee for its report following the inquiry into the administration of the HBC Scheme.

Matters raised before the Standing Committee have included those relating to instances of taxpayer non-compliance and some individual matters go back some time. As noted in the Government's evidence to the inquiry, any response needs to consider the low level of non-compliance subject to reassessment by the ACT Revenue Office (ACTRO), being in the order of 1 to 2 per cent. Further, the Government has taken a range of actions to update its policies and the ACTRO's administration over this time. These changes have clarified eligibility, provided taxpayers with greater accessibility to the HBC and improved taxpayer engagement.

The following policy changes have been implemented:

- the HBC income eligibility ceiling has been increased and the definition of income redefined to assessed taxable income (aligning with taxpayers' Notices of Assessment issued by the Australian Taxation Office);
- family violence is now recognised with exemptions from eligibility criteria related to prior home ownership and inclusion of a domestic partner's income, and a 'competent person declaration' can be used as a form of evidence; and
- taxpayers who are separated but not legally divorced can have an ex-spouse's prior home ownership or income excluded from consideration.

There have also been a series of updates to the administration of the HBC Scheme which include:

- updated HBC content on the ACTRO website to clarify details and provide additional information to better assist taxpayers with their self-assessment;
- for compliance reassessments of HBC, the payment timeframe has been extended to at least 8 weeks and payment plans may be offered; and
- the compliance program in relation to HBC has been revised so that in first instance, taxpayers have further opportunity to provide information before an investigation commences.
    - The ACTRO will issue a Request for Information (RFI) in this instance. Should taxpayers disclose information in relation to their duty liability before an investigation is commenced and via the RFI, there may be reduced rates of penalty tax and interest.

In addition, the Commissioner for ACT Revenue has advised that, from 1 May 2026 to 30 April 2028, interest will not be charged on unpaid amounts under an objection review beyond six months, if an objection decision has not yet been made. This recognises that it will take time for the ACTRO to address the current number of objections outstanding. See the response to Recommendation 15 for further detail.

The Committee has made 15 recommendations, which the ACT Government has carefully considered. The Government agrees to two recommendations; agrees in principle to two recommendations; agrees in part to two recommendations; notes five recommendations; and does not agree to four recommendations.

The Government's response to each of the recommendations made by the Standing Committee is detailed on the following pages.

Response to recommendations made by the Standing Committee on Home Buyer Concession Scheme Administration

<table>
<tr><th>RECOMMENDATION</th><th>GOVERNMENT RESPONSE</th></tr>
<tr><td>Recommendation 1

The Committee recommends that the ACT Government create a dedicated role in the ACTRO to assist applicants in navigating compliance issues.</td><td>Noted

There are already various avenues for applicants with questions about the HBC to receive information, at different points in time, prior to a transfer and after.
A person (or their representative) may contact the ACT Revenue Office (ACTRO) contact centre on 02 6207 0028 during business hours to speak to a revenue officer, or by email to revenue@act.gov.au or duties@act.gov.au, or by the online Contact Us form.
Updated HBC information on the ACTRO website (https://www.revenue.act.gov.au/home-buyer-assistance/home-buyer-concession-scheme) and the HBC eligibility checker (https://services.revenue.act.gov.au/eligibility-checker/home-buyer-concession-scheme) where eligibility criteria has been set out in plain language.
At the time a person is acquiring a property they may also obtain independent financial and legal advice, including on HBC, from commercial professional services.
The ACTRO also provides notices, reminders and other engagement to assist taxpayers meet their obligations prior to any compliance action.
When a review or investigation is initiated, case officers provide taxpayers their contact details giving taxpayers a direct avenue to ask questions relating to their matter.
The ACTRO is continuing to consider improvements and streamline processes for all the tax lines, grants and concessions, including HBC, to serve the needs of the community.</td></tr>
<tr><td>Recommendation 2

The Committee recommends that the ACTRO ensure that the information presented on their website in relation to</td><td>Agreed

Information on the HBC Scheme has been updated on the ACTRO website. Changes have improved the readability, findability and accessibility of information, with a consistent structure aligned with Web Content Accessibility Guidelines (WCAG) 2.1 AA standards and Australian</td></tr>
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RECOMMENDATION	GOVERNMENT RESPONSE
the HBC Scheme is as clear and accessible as possible.	Government Guidelines. Plain English is used, navigation has been improved, information is more centralised and readability grade levels have been reduced to improve overall access and useability of the information. The ACTRO website's HBC eligibility checker has also been refreshed. There is improved usability, with users able to navigate through questions that relate to their personal circumstances to obtain guidance on their eligibility for the concession, together with easier access to related information. A summary page of a user's answers can be printed. As the ACTRO moves to a new web platform with greater functionality in mid-2026, further improvements will be examined.
Recommendation 3 The Committee recommends that the ACT Government publish a simplified guide for applicants explaining what data is matched, when, and how it affects their eligibility. This should include examples of common issues to help applicants self-identify and correct errors early.	**Not agreed** A home buyer's eligibility for the HBC is determined by their own circumstances in relation to income, prior property ownership, (intended) use of the property being purchased and age of taxpayer. Data matching does not affect eligibility, rather it is used to verify declarations made by a home buyer in claiming the HBC. The ACTRO website (https://www.revenue.act.gov.au/privacy) already outlines that information sharing occurs with the Australian Taxation Office (ATO), other revenue offices, other territory directorates, federal government departments and private enterprises. It is identified that this information is used in compliance audits and investigations driven by data intelligence. The 'privacy' webpage of the website also states: "The ACT Revenue Office takes reasonable care to ensure the personal information it collects is complete, up to date and accurate. It conducts data matching activities for audit and compliance purposes, to verify or supplement information that is provided, and to verify eligibility for grants, concessions and exemptions. Data is sourced from government agencies (such as the ATO, Land Titles Office, Environment, Planning and Sustainable Development Directorate, ACT Road

RECOMMENDATION	GOVERNMENT RESPONSE
	Transport Authority) and other entities and is matched with the data held by ACT Revenue. The information produced from data matching is used for verifying information and to identify non-compliance with relevant laws. It also helps inform compliance programs led by the Office." The ACTRO has also invested in taxpayer education programs, including attending forums with the legal and property industry. Information provided by the ACTRO has served most HBC applicants who have successfully complied with eligibility criteria over the years. Nevertheless, ACTRO has updated information about the HBC and how to claim on its website (see response to Recommendation 2). Home buyers claiming the HBC are advised of the potential for compliance checks in the notice of assessment for duty issued after registering the land title transfer (see also response to Recommendation 4).
Recommendation 4 The Committee recommends that the ACT Government ensure all notices of assessment and reminder letters clearly explain the conditional nature of the concession and how to self-report issues. This should include common accidental non-compliance scenarios and how to resolve them without penalty.	**Agreed in part** The ACTRO is currently examining its correspondence with taxpayers and related information through its website, including for the HBC Scheme, with an intention to improve clarity and accessibility and promote better understanding of tax laws and taxpayer obligations and responsibilities. Non-compliance is currently in the order of 1-2 per cent of taxpayers who receive notices of assessment and reminders. The ACTRO HBC Scheme correspondence provides information about home buyers' obligations and responsibilities, including that the ACTRO conducts compliance checks on eligibility for claimed concessions. Providing further information on non-compliance in all correspondence needs to balance the low level of non-compliance with not causing all other taxpayers undue concern. The treatment of a tax default is prescribed within the legislation. When a tax default happens,

RECOMMENDATION	GOVERNMENT RESPONSE
	the default penalty tax is 25 per cent and (market and premium) interest charges apply. The legislation then provides an avenue for the reduction or increase of penalty tax dependent on the circumstances and taxpayers conduct. • For issues that are self-reported (voluntary disclosures), it would ordinarily attract an 80 per cent reduction in penalty tax (from 25 per cent to 5 per cent). • The ACTRO website provides information on the reduction of penalties for voluntary disclosures. As described in the response to Recommendation 1, ACTRO provides reminders and prompts to taxpayers regarding their HBC obligations.
Recommendation 5 The Committee recommends that the ACTRO investigate secure, real-time or quarterly data-sharing protocols to support earlier eligibility checks.	**Not agreed** Current arrangements for the sourcing of data reflect considerations of not only the ACTRO but the data provider. The arrangements that have been established are intended to provide data effectively and efficiently between the parties. For example, the arrangements with the ATO involve not only the ACTRO but all state and territory revenue offices and consider the best available timing to provide information for all parties. The more frequent receipt of data would also not necessarily result in earlier verification/investigation for individual taxpayers. This is contingent on the availability of data that wholistically encompasses a taxpayer’s circumstances, and subsequently a compliance officer review. For example, with a HBC investigation, having earlier access to income data would not enable a complete eligibility check due to a need to meet the residency criterion, which can take two years or more to meet from the time the concession is claimed.
Recommendation 6 The Committee recommends that the ACTRO use available daily and weekly data, such as Rental Bonds and Land Titles	**Agreed in principle** The ACTRO remains open to opportunities to data match for compliance purposes. Actioning of cases where individuals are non-compliant is subject to an appropriate balancing of factors

RECOMMENDATION	GOVERNMENT RESPONSE
Office transfers to flag non-compliance early.	including the timing or age of the tax default. The ACTRO compliance officers consider data and taxpayer notifications (where applicable) when undertaking an investigation, including with decisions on interest remissions. When a taxpayer has declared that their property is to be rented or vacant (via a land tax declaration or a rental bond) within the residence period for the HBC, should there be a reassessment, the date before the declaration will be the date that interest is stopped. As with the response to Recommendation 5, more frequent receipt of data does not necessarily result in earlier verification/investigation for taxpayers as this is contingent on the availability of data that wholistically encompasses the taxpayers' circumstances, and subsequently a compliance officer review.
Recommendation 7 The Committee recommends that the ACT Government assessment and debt notices implement plain-English, trauma-informed templates that clearly explain decisions, set out rights of review and available support.	**Agreed** See the response to Recommendation 4.
Recommendation 8 The Committee recommends that the ACT Government establish a transparent, principles-based framework for interest, penalties, hardship and remissions across ACTRO programs.	**Noted** The framework for penalty tax and interest rates is prescribed under tax law. Under the TA Act and related tax laws, in the event of a tax default by a taxpayer, the base penalty tax payable prescribed is 25 per cent. This rate was most recently considered in 2019 when the Government reduced the base penalty tax rate from 50 per cent (see *Revenue Legislation Amendment Act 2019*). As part of imposing penalty tax at different rates, the provisions consider the conduct of

RECOMMENDATION	GOVERNMENT RESPONSE
	taxpayers. Section 31(5)(b) of the TA Act excludes financial incapacity as a consideration for circumstances beyond a taxpayer's control. In administering tax law, the ACTRO will not use remission powers to circumvent the clear intention of other tax law provisions. The Commissioner for ACT Revenue's circulars for penalty tax and interest are being updated to improve clarity and understanding.
Recommendation 9 The Committee recommends that the ACT Government establish a formal process for applicants to request a compassionate review of penalties, interest, or fines, where non-compliance was accidental or due to hardship.	**Not agreed** The ACTRO administers the application of penalty tax and interest in accordance with requirements and limits provided by tax law. As part of this administration, the ACTRO considers a taxpayer's circumstances and conduct in determining the rate imposed. Whenever a tax default has been assessed, penalty tax may be increased or reduced or remitted where the Commissioner for ACT Revenue considers it appropriate. The amount of penalty tax will be determined by the taxpayer's circumstances and conduct including whether they took reasonable care, and if there are circumstances that directly led to the tax default that were outside of their control (see the response to Recommendation 8). However, section 31(5)(b) of the TA Act excludes financial incapacity as a circumstance beyond the taxpayer's control to reduce penalty tax. Interest may be remitted where the Commissioner for ACT Revenue considers it appropriate. As outlined in the Commissioner for ACT Revenue's existing circular for interest, consideration is given to when penalty tax has been reduced or remitted in whole, or circumstances where the ACTRO may have contributed to any delays, errors or omissions in assessing the tax default. In practice, an investigating officer will consider all information disclosed in the course of the review or investigation including but not limited to non-financial hardship in determining the applicable rate of penalty tax, and/or interest. The ACTRO already prompts taxpayers to provide information relevant to their circumstances, for example as part of a RFI.

RECOMMENDATION	GOVERNMENT RESPONSE
	It remains the primary responsibility of the Commissioner for ACT Revenue to collect revenue and to preserve the integrity of the revenue system. In this regard, compliance activities are vital to ensure that concessions are only received by those eligible.
Recommendation 10 The Committee recommends that in implementing a formal compassionate review process, the Government include consideration of domestic violence, mental health, financial instability, or language barriers as mitigating factors.	**Agreed in part** In recent years, the ACT Government has expanded the HBC eligibility to taxpayers who have separated from a domestic partner, and those (or their children) who have experienced family violence. • From 1 July 2025, a person (or their children) who has experienced domestic violence can have a competent person (such as medical professional or otherwise) complete a competent person declaration form. This provides avenue for those who have or are experiencing family violence to have their joint prior property or that person's income, excluded from the HBC requirements. • From 27 May 2025, taxpayers can have their ex-spouse's sole property interests excluded from the HBC requirements, should there be evidence of an irretrievable separation where cohabitation is not evident. Under tax law, there remains on obligation on all taxpayers to understand their tax obligations. • As noted in response to other recommendations, the ACTRO is working to assist taxpayers by updating information and correspondence. • The ACTRO website is being improved to allow for better accessibility and upcoming platforms changes will permit greater functionality. To assist with language barriers, the ACTRO website provides information on translation services, see https://www.revenue.act.gov.au/languages. At the same time, taxpayer access to translation services is improving generally in the community through the availability of app and web-based services.

RECOMMENDATION	GOVERNMENT RESPONSE
	For HBC reassessments, there is now more time for taxpayers to arrange their financial affairs. The due date for all HBC compliance reassessments has been extended from 3 weeks to 8 weeks and ACTRO payment plans are available. As part of continuous improvement actions, the ACTRO will continue to investigate opportunities to assist vulnerable community members.
Recommendation 11 The Committee recommends that the ACTRO introduce a cap on interest charges for cases where non-compliance is self-reported.	**Noted** The ACTRO administers penalty tax and interest in accordance with legislation. Currently, should a taxpayer voluntarily disclose their tax liability, it will be considered in the application of interest. As with the response to Recommendation 6, where a taxpayer has declared that their property is to be rented or vacant (via land tax declaration or rental bond) within the residence period for the HBC, should there be a reassessment, the date before the declaration will be the date interest is stopped. This is consistent for any self-reporting of non-compliance with the HBC. Under tax law, interest charges have two components – a market rate and a premium rate. The market rate is designed to reflect the opportunity cost to the government of not being able to use the revenue for the period that it remains unpaid (the market rate is therefore not reflective of borrowing rates generally available to taxpayers). The premium component is intended to act as a disincentive to a taxpayer using the government as a de facto lending institution. (See also the *Taxation Administration Bill 1998* Explanatory Memorandum.) The premium component recognises factors such as: • the need for equity with other taxpayers who have borrowed (at a rate higher than the market rate available to them via commercial lending) to meet their tax obligations; and • the risk posed by taxpayers in default – unlike loans, the government has no decision-making power in who defaults and cannot pre-emptively consider the taxpayer's

RECOMMENDATION	GOVERNMENT RESPONSE
	creditworthiness. See also responses to Recommendations 8 and 12.
Recommendation 12 The Committee recommends that the ACTRO align interest policies with community expectations of proportionality and fairness.	**Noted** In its administration of tax laws, including interest charges, ACTRO considers what is reasonable and appropriate in the circumstances in terms of all taxpayers (both the individual and equity with the vast majority of taxpayers who meet their tax obligations). Interest charges remain a vital integrity component of the tax system, promoting compliance by ensuring that government is not used as a de facto lender, recognising costs and risks and supporting equity across taxpayers. See the responses to Recommendations 8 and 11.
Recommendation 13 The Committee recommends that the ACT Government provide tailored repayment plans for duty reassessments resulting from non-compliance, especially where large sums are involved.	**Agree in principle** As advised in the ACT Government submission to the inquiry, payment due dates for HBC reassessments have been extended; and payment plans are offered / assessed on a case-by-case basis, taking into account a taxpayer's capacity to pay, compliance history and the nature of the non-compliance. The ACTRO is developing a formal debt management policy, which includes guidance on payment plan arrangements. The longer a payment plan operates, the greater the interest charges that will accrue by the taxpayer. As per responses to Recommendations 11 and 12, with the design of tax law interest provisions, it is not intended that the government would offer interest rates that incentivise de facto lending or non-compliant behaviour. The ACTRO operates debt stabilisation arrangements with Care Financial Counselling for taxpayers who have sought counselling and remains open to working with other financial

RECOMMENDATION	GOVERNMENT RESPONSE
	counselling and support services.
Recommendation 14 The Committee recommends that the ACT Government ensure objections are assessed and decided within 60 days of lodgement.	**Noted** Objections processes continue to be improved. The ACTRO's intention is to improve the timeliness of objection processing over the medium term. However, such action will be dependent on factors such as the volume of objections and their complexity. The number of objections and appeals has been increasing, with high volumes over the past three years. While the number of objections completed has also increased, this has been outweighed by the increased volume and complexity. The objection process may also be subject to various delays through seeking additional information from the objector, various parties or through seeking legal advice. The ACTRO has existing Budget key performance indicators (KPIs) for objection decisions, including that 85 per cent are decided within 6 months (noting 'stop clock' arrangements apply, for example with periods excluded where a taxpayer is to provide further information or if the taxpayer requests a hold on consideration). For a two-year period while ACTRO works to improve the timeliness of objection processing, interest will not be charged after the six-month KPI period if an objection decision has not been provided. See the response to Recommendation 15 for further information.
Recommendation 15 The Committee recommends that the ACT Government freeze interest and recovery actions while objections or ACAT proceedings are underway.	**Not agreed** When a conveyance duty liability is subject to a compliance reassessment, there is an 8-week interest free period provided to the due date from the date of the Notice of Reassessment. This period provides taxpayers with an opportunity to pay the amount, seek financial advice (if applicable), and arrange their finances.

RECOMMENDATION	GOVERNMENT RESPONSE
	In addition, compliance reassessments do not apply interest from the date the ACTRO receives all information required to determine the taxpayer's duty liability (such as the date a complete response is received for a Request for Information), to the due date of the Notice of Reassessment. The ACT Government considers that a broad freeze on interest or withholding of recovery action while objections or ACAT proceedings are underway would be inconsistent with the intent of tax law provisions and may create an integrity risk to government revenue collection. Specifically, it would open opportunities for vexatious objections or ACAT proceedings to delay tax payments, to the detriment of the broader community. As advised in the ACT Government submission to the inquiry: "Section 105 of the TAA provides that the fact that an objection or review is pending does not affect the assessment or decision to which the objection or review relates, and tax may be recovered as if no objection or review were pending. This ability of the Revenue Office to undertake debt recovery action even while matters are under internal review is similar in all jurisdictions. This provision is essential to protecting the tax base. It supports the tax base across all tax lines, protecting against delayed collection of revenue and the creation of an incentive for taxpayers to lodge objections solely for the purpose of delaying repayment. To do otherwise would create collection problems for rates, land tax, payroll tax and duty. Taxpayers would be encouraged to lodge an objection to defer repayment, possibly indefinitely. This could overwhelm the objection process and provide time for taxpayers to prevent the collection of debts by moving and shielding assets and establishing new entities and arrangements. The effect could extend as far as affecting ACT Government cashflows and borrowings to fund day-to-day provision of services." However, the ACTRO recognises that the current backlog of objections is impacting on the time taken for the ACTRO to finalise objections and hence the amount of interest that taxpayers

RECOMMENDATION	GOVERNMENT RESPONSE
	might accrue if the tax amount in question is unpaid. The ACTRO's objection key performance indicators (KPIs) contained in the budget papers are that 85 per cent of internal reviews of objections will be completed within six months, with 100 per cent completed within 12 months. Aligning with these KPIs, the Commissioner for ACT Revenue has determined that interest will not be charged on unpaid amounts under an objection review beyond 6 months, if an objection decision has not yet been made ('the objection interest freeze'). The objection interest freeze will apply to these types of objections from 1 May 2026 to 30 April 2028. This recognises that it will take time for the ACTRO to address the current number of objections outstanding. For operational reasons, the objection interest freeze will not apply retrospectively for those objections already greater than six months on 1 May 2026 or already decided prior to that date. For example, an objection lodged on 1 July 2025 (with full disclosure) and decided on 5 August 2026 would have an interest freeze applied from 1 May 2026 to 5 August 2026. The six-month period is not necessarily a six-month calendar period. Consistent with the way the objection KPIs are calculated, stop-clock arrangements will apply to recognise periods when matters rest with the taxpayer (such as when further information is required to be provided). This is to discourage parties seeking to delay consideration and the time taken for a taxpayer to respond is outside of the control of the Revenue Office. The objection interest freeze is to be actioned under the existing powers of the Commissioner for ACT Revenue, prescribed in the TA Act. In keeping with the principles discussed above in the response to this recommendation, interest will still apply to unpaid amounts under objection until the decision date or six months, whichever is the earlier. This disincentivises non-genuine objections for the sole purpose of

RECOMMENDATION	GOVERNMENT RESPONSE
	reducing interest payable or stopping recovery actions on outstanding tax amounts. It is important to note that if an objection is upheld in the taxpayer's favour (reducing a tax liability): interest is not charged against the unpaid amount related to the reduced tax liability; and if the tax liability has already been paid, the reduced tax liability amount is refunded with market interest to the taxpayer. If an objection is disallowed, interest will apply to an unpaid amount before and after any objection interest freeze period and until payment is made.