



LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2024-2025

Ms Nicole Lawder MLA (Chair), Ms Suzanne Orr MLA (Deputy Chair),
Miss Laura Nuttall MLA

ANSWER TO QUESTION ON NOTICE

Asked By: Mrs Elizabeth Kikkert MLA

Addressed to: Treasurer

Reference: Treasury, Budget Outlook p64, Home Buyer Concession Scheme

Hearing Date: 31 July 2024

In relation to: Home Buyer Concession Scheme and Removal of the Home Buyer Concession Scheme

QON lodgement Date: 5 August 2024

Answer Due date: 8 August 2024

- (1) How many reassessments were conducted on already approved Home Buyer Concessions in the last three financial years?
 - (a) What was the outcome of each reassessment that was conducted and in what year was it conducted?
- (2) Of the reassessments resulting in the removal of the Home Buyer Concession Scheme (HBCS), how much was each person required to pay in penalty tax and interest?
 - (a) What was the total revenue received by the government from removed Home Buyer Concessions broken down by the repayment of the concession, the penalty tax and the interest earned?
 - (b) What was the interest rate charged in each case, and why was it calculated at that amount?
- (3) In one case where someone has been directed to pay back the concession, they were also directed to pay a penalty tax of exactly 25% of the concession amount. Why is this person required to pay a penalty tax on top of paying back the concession and why is it set at 25%?
 - (a) Is the penalty tax the same in all cases where someone has to pay back the concession?
- (4) In that same case, the person has been given 3 weeks to pay back the full sum (concession + penalty tax + interest). Is it the government's belief that 3 weeks is sufficient for the average person to pay back what can be 10's of thousands of dollars?
- (5) In all cases where someone has been required to pay back the concession, are they all given only 3 weeks to repay the full sum?
- (6) Why are interest and penalty taxes charged when the individual is not aware of any wrongdoing?

- (7) To be eligible for the HBCS, combined gross income must be below \$160,000. In cases where two people who are married but in the midst of the 12 month physical and financial separation period required for divorce, why is their combined income being assessed as opposed to just the income of the person who applied?
- (8) Is the government aware that using the combined income of a separated couple has discriminatory and accessibility implications for people going through a separation/divorce process that is motivated by domestic violence?
- (9) Understanding that finalising a divorce is often very complicated when domestic violence is involved, does the government offer any exemptions or flexibility to still offer the concession to people still legally married, but financially and physically separated

Andrew Barr MLA: The answer to the Member’s question is as follows:

1) and 2) The Home Buyer Concession Scheme is self-assessed. Applications are made at the time a property is transferred and are accepted automatically based on information provided by the taxpayer (or their agent). It is the responsibility of the applicant (or their agent) to properly assess against the criteria and ensure that the conditions are met. Applicants are advised throughout the process that there are penalties for incorrectly claiming the concession. ACT Revenue Office runs an active compliance program to ensure those receiving a conveyance duty reduction or exemption under the Home Buyer Concession Scheme are compliant with the conditions of the scheme. The results of the program over the past three years are shown in the table below:

Year	Number of Reassessments	Primary tax	Penalty tax	Interest	Total Assessment
2021-22	8	\$75,926	\$13,551	\$10,319	\$99,797
2022-23	81	\$684,694	\$168,654	\$108,940	\$962,289
2023-24	236	\$5,542,628	\$1,372,70	\$1,149,025	\$8,164,098

2(b) Interest on tax defaults is charged as per *Taxation Administration Act 1999* and consists of the market interest rate plus the premium component. Interest rates are set twice each year on 1 January and 1 July. The current interest rate for tax defaults is 12.36 per cent per year.

3) and 3(a). To encourage voluntary compliance and ensure those who do not meet their tax obligations are not advantaged in comparison to those who do, penalty tax is imposed on tax defaults, as per the *Taxation Administration Act 1999*. The default rate of penalty tax is 25 per cent and is generally applied to Home Buyer Concession reassessments. This rate may be varied depending on individual circumstances, for example where a taxpayer has not cooperated during an investigation. Further information on penalty tax can be found in *Revenue Circular GEN006.3 Penalty Tax*, which is available on the ACT Revenue Office website.

4) and 5) All assessments issued by the ACT Revenue Office contain a due date for payment. A due date of 21 days for compliance assessments is consistent with normal processes. A compliance assessment notice contains contact details of the ACT Revenue Office’s debt team. Taxpayers can contact the debt team and discuss alternative payment arrangements, such as a 12-month time payment plan.

6) Claimants of the Home Buyer Concession are expected to exercise reasonable care and inform themselves of their obligations under ACT tax laws. Penalty tax and interest are applied to encourage compliance with the requirements of the concession.

7) From 1 July 2024, the household income threshold for the Home Buyer Concession scheme was increased to \$250,000 (this increases further for households with dependent children). Household income is considered as the income of all homebuyers and their domestic partners. Under the *Legislation Act 2001*, separated married couples are considered domestic partners until their divorce is finalised.

8) and 9) From 1 July 2024, the ACT government has introduced new criteria into the Home Buyer Concession Scheme to make it easier for homebuyers who have experienced domestic violence to access the scheme. For a homebuyer who has experienced domestic violence, a partner's income can be excluded from the household income test and any previous property owned can be disregarded for the previous property ownership test.

Approved for circulation to the Select Committee on Estimates 2024-2025

Signature: 

Date: 8.8.24

By the Treasurer, Andrew Barr MLA