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HD **Fee for foreign buyers**
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EXCLUSIVE FOREIGN investors snapping up Australian real **estate** would be slapped with a \$1500 application fee for every **property** they **buy**.

The Abbott Government is understood to be seriously considering the measure amid anecdotal fears that investors are driving up house prices in pockets of the major cities.

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The Parliamentary Budget Office has costed a proposal to introduce an administration fee for foreign buyers that would raise more than \$500 million over the next decade.

The funds raised would be used to beef up the compliance powers of the Foreign Investment Review **Board**.

The Parliamentary Budget Office says the impost would not deter investors, "given the small cost of the proposed fee relative to the cost of purchasing **residential** real **estate**".

The costings, seen by the Sunday Herald Sun, suggest the administration fee could be introduced from July 1. If implemented, it would raise about \$50 million a year. The fee would apply to every application by an overseas buyer to **purchase property** in Australia.

A long-awaited report into foreign investment in Australian real **estate**, to be released on Thursday, is also expected to examine moving toward a user-pays system for investors applying for permission to **purchase residential** real **estate**.

Another option it is expected to consider is a national register to provide better data on what real **estate** overseas investors are buying and where they are purchasing.

Chaired by Liberal MP Kelly O'Dwyer, the committee is expected to criticise FIRB for failing to aggressively enforce compliance with existing laws.

Since 2008, FIRB has not issued a single divestment order forcing investors who have breached the rules to sell their assets.

The report is believed to have been delayed because the Abbott Government was concerned that proposals might have created controversy in the lead-up to the **Chinese** free-trade agreement signing.

The committee considered but abandoned proposals to apply higher stamp duty on foreign investors. But the plan to introduce a user-pays system to beef up the compliance powers of FIRB has won favour.

Currently, there are no fees associated with applying to FIRB for approval to **purchase residential property** as an overseas investor.

The new fee would be used to fund a crackdown on investors who breach rules that prohibit the **purchase** of existing housing stock rather than encouraging new buildings.

Foreigners can legally **purchase** real **estate** in Australia but are prohibited from buying existing homes.

A temporary resident who has had a visa for longer than 12 months can **purchase** a single **property** to live in but must sell it within three months of leaving Australia.

There are concerns this rule — designed to encourage investors to **purchase** new or off-the-plan properties — is not being aggressively enforced.

There are also concerns at a lack of penalties for real **estate** agents who knowingly assist investors to break the law.

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