

SE News
HD **\$1500 HOME BUYER SLUG**
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FOREIGN investors snapping up Australian real **estate** will be slapped with a \$1500 fee for every **property** they **buy** under a plan to crack down on rorting.

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

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The Parliamentary Budget Office has costed a new foreign buyers administration fee that would raise up to \$600 million over the next decade.

It argues that the slug would not deter investors, "given the small cost of the proposed fee relative to the cost of purchasing **residential** real **estate**." The fee would apply to each application lodged to **buy** foreign **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 towards a user-pays system for investors applying to **buy** homes.

It is expected to consider a register to provide better data on what overseas investors are buying and where.

Chaired by Liberal MP Kelly O'Dwyer, the committee is expected to criticise the Foreign Investment Review **Board** for failing to aggressively enforce existing laws.

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

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

The committee rejected proposals to hike stamp duty on foreign investors. But the plan for a user pays system to beef up FIRB compliance powers won favour.

The new slug 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 is not being aggressively enforced.

There are also concerns there are no penalties for real **estate** agents who knowingly help investors break the law.

Fines of up to \$85,000 can apply to investors, which some industry sources say are regarded as “the cost of doing business” in Australia.

Penalties can include up to two years in jail.

The fee would be on applications to **buy** all types of **residential property** including new and existing **property**, off the plan and **residential** land. The costings assume 32,000 properties a year are approved for foreign investment.

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