

SE **PROPERTY**
 HD **Australia may tighten rules for foreign home-buyers**

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SYDNEY — Foreign investors may soon need to cough up an application fee of up to A\$1,500 (S\$1,670) when buying an Australian home, while those who breach ownership regulations would forfeit their capital gains and face civil penalties under proposals to tighten rules on foreign **purchases** unveiled yesterday following a government-backed inquiry.

Although the inquiry is not focused on investors from any particular country, cash-rich buyers from **China** have been blamed by locals for ramping up home prices in Australia's major cities. The move may also affect Singaporean buyers — one in five of those who invest in overseas **property** hold Australian **residential** real **estate** — as well as Singapore-based developers, which have been stepping up their investments Down Under.

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The parliamentary inquiry into foreign investment in **residential** real **estate**, chaired by ruling Liberal Party lawmaker Kelly O'Dwyer, began in May this year in the wake of widespread community concerns that foreigners, mostly **Chinese** nationals, were pushing up house and **apartment** prices, particularly in Melbourne and Sydney.

It found that rules on foreign **purchases**, which limit overseas non-citizens to buying newly-built homes instead of established properties, were not being enforced. Ms O'Dwyer said there was a systems failure within the Foreign Investment Review **Board** (FIRB), with the regulator failing to penalise or prosecute a single foreign investor since 2008.

That led the committee to make 12 recommendations, including the collection of a fee from foreign **property** investors to fund the FIRB investigation and enforcement operations.

The Parliamentary Budget Office said that an A\$1,500 fee would raise about A\$158.7 million over four years.

Among the other recommendations, penalties would also be imposed on third parties — such as lawyers, real **estate** agents and mortgage brokers — who knowingly assist a foreign investor to breach the rules. Any capital gains from the **sale** of an illegally held **property** would be forfeited to the government.

The committee also called for a national register of land title transfers that records the citizenship and residency status of all home buyers, and better coordination between immigration authorities and the FIRB.

Developers will need a certificate to sell homes off-the-plan overseas and they must market the project in Australia for the same period of time.

"Serious Singaporean investors will not be put off by the application fee, which is quite small compared to the typical A\$500,000-and-above **purchase**. They may even be happy knowing it contributes to better policing of the rules, as Singaporeans are typically rule-abiding," said Mr Ku Swee Yong, chief executive of **property** agency Century 21 in Singapore.

Industry observers, including Mr Ku, said that even when fully implemented, the tighter rules will still be less onerous for foreign buyers compared with the additional buyers' stamp duties for investors in Singapore. The impact of the tightened rule regime is expected to be more significant on developers than on buyers, they said.

Developers routinely launch their new Australian projects in Singapore, **China**, **Hong Kong** and Malaysia.

Mr Ku said: "Developers targeting Asian buyers have been able to secure high prices for part of the development when marketing Aussie homes overseas and using these as a marker to market the rest of the project. To have to market the same **property** in Australia for the same period will tend to keep prices in check." Florence Chong with AGENCIES

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