



HOME BUILDING GRANTS: HomeBuilder Scheme

The Government has announced grants of \$25,000 to encourage people to build a new home or substantially renovate their existing home.

The HomeBuilder scheme targets the residential construction market by providing tax-free grants of \$25,000 to eligible owner-occupiers, including first home buyers, to build a new home or substantially renovate their existing home. The grants will be distributed by the revenue office of the State or Territory where you live or plan to live. There are some complexities to this grant that both home builders/renovators and the building industry need to be aware of before signing a new contract on the expectation that the grant will apply.

ELIGIBILITY

INDIVIDUAL ELIGIBILITY

The scheme is available to owner-occupiers including first home buyers, but is not accessible to owner-builders, developers or investors.

You must be:

- An individual (not a company or trust), 18 years of age or older and an Australian citizen

You must meet the income test, so you cannot earn more than:

- Individuals - \$125,000 based on your 2018-19 or later tax return
- Couples - \$200,000 based on both of your 2018-19 or later tax returns



BUILDING PROJECT ELIGIBILITY

The building project must be signed **between 4 June 2020 and 31 December 2020** and the construction/renovation **must commence within three months** of the contract date.

Grants are available if you *build a new home* or *renovate a home to live in (your principal place of residence)* where:

- *New home*: property value (house and land) does not exceed \$750,000
- *Renovation*: when substantially renovating your existing home, the renovation contract must be between \$150,000 and \$750,000 and the value of your existing property (house and land) must not exceed \$1.5 million

A new home includes a house, apartment, house and land package, off-the-plan etc. Renovation works must be to improve the accessibility, safety and liveability of the dwelling e.g. swimming pools, tennis courts, outdoor spas, sheds or garages (unconnected to the property)

If you own or have purchased land but have not signed a contract to build your home, you may still be eligible for the grant if the following criteria are met:

- If you own a property (house and land), and knock down the house to rebuild – this is considered a substantial renovation, and is subject to the renovation price range of \$150,000-\$750,000 provided the total value of the property (house and land) does not exceed \$1.5 million before the renovation;
- If you own vacant land before 4 June 2020 and then build, the total value of the land and new build cannot exceed \$750,000; or
- If you buy the land after 4 June 2020, and then build, the total value of the land and build cannot exceed \$750,000

INTEGRITY MEASURES AND PRICING

Building contracts must be at arms-length, i.e. the parties cannot be related or connected. The work must be undertaken by a registered or licenced building service contractor' (depending on the State or Territory you live in) and named as a builder on the building licence or permit.

In relation to price, the terms should be commercially reasonable, and the contract price should not be inflated compared to the fair market price. The may request that the builder demonstrate that the contract price for the new build or substantial renovation is no more than a comparable product (measured by quality, location and size) as at 1 July 2019.

PROBLEM AREAS

As the building contract is entered into before the grant is approved, it will be important that the grant is not essential to finance the project, in case the grant is not approved. In addition, as the builder needs to commence work within three months of the contract date, it is important to ensure that the contract recognises the commencement dates.

The HomeBuilder grant does not prevent first home buyers from accessing other grants and concessions e.g. the First Home Owner Grant, stamp duty concessions, the First Home Loan Deposit Scheme, and First Home Super Saver Scheme.