

## FACT SHEET

# stamp duty

### Explain what advantages exist with regard Stamp Duty and construction?

--- Chris Fforde

Across Australia, each time there is transfer of land or property a one-off Government tax known as Stamp Duty, levied by each state throughout the country is applied. In the Northern Territory, if you purchase an established property, full stamp duty is payable on the total purchase price of the property.

### So why build?

If you purchase land for the construction of your new home, you will only pay Stamp Duty on the land component. Stamp Duty is payable on the value of what is physically purchased at the time, so buying land pre-construction WILL save you thousands in Government Tax.

So, it is important to weigh up and balance the scales in regards to your Stamp Duty. A quick example, using an average budget of \$550,000 will be:

*Established home* \$550,000 –  
Expected Stamp Duty payable  
\$26,000 - \$27,000.

*New Construction* (Land Component only) Approximately \$200,000 –  
Expected Stamp Duty Payable \$7,000  
- \$8,500 (Prices for land will vary between developments).

*First Home Buyers* Stamp Duty affects First Home Buyers just as it affects second, third or fourth home buyers. However, there are grants in place to help First Home Buyers get into their new homes without the headache of finding extra cash to pay Stamp Duty. As a First Home Buyer you are entitled to a \$26,000 grant from the Government to assist you in getting into your first home quicker. This (for the most part) would be used to cover your Stamp Duty. The money not spent on the Tax can then go towards the construction of your new home.

