

# In the know.

## Important updates for brokers.

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Hi Connective Lender Services Pty Ltd,

Stay up to date with the latest changes for First Home Buyers purchasing a property in NSW.

## Update on NSW First Home Buyer Choice initiative.

### What's changing?

As you may be aware, the NSW Government's stamp duty policy for First Home Buyers is changing.

From **16 January 2023**, eligible First Home Buyers will have a choice between paying annual property tax and upfront stamp duty.

### What do you need to do?

If a customer has opted in to pay an annual property tax:

1. When completing Serviceability and Funds to Complete on ApplyOnline (AOL), input Stamp Duty payable as '\$0.00'.
2. Include the annual property tax amount under 'Property expenses' in the 'Security' **or** the 'Real Estate Asset' section on the 'Financials' tab, under the following expense types:
  - For Owner Occupied Properties – 'O/Occ Strata, Body Corporate Fees & Land Tax'

- For Investment Properties – ‘Investment Property Costs (Including Insurance)’

To determine a reasonable annual property tax amount, refer to the [NSW State Government Calculator](#).

3. Before submitting your application on AOL, please include in your supporting comments a note that the customer has opted in for the annual property tax option and that they are eligible for this arrangement, i.e.
  - *‘Applicants are purchasing property <security address> under NSW First Home Buyer Choice arrangement and opting for annual property tax instead of transfer (stamp) duty. Confirmed applicants are eligible for First Home Buyer Choice.*

*Annual property tax of <\$amount> has been entered as an expense.’*

For Approval in Principle applications converting to 'full application' after **16 January 2023**, and the customer would like to opt-in for the annual property tax option, please edit and re-submit the application following the instructions above.

Please note, customers have until settlement to change their mind. However, any changes to the application after unconditional approval will result in re-assessment, new documents required and potential delays to settlement.

The purchased property can be either owner occupied or investment, although the amount of tax varies by purpose. The following price bands apply:

- **Up to \$650k** – Existing full concession on stamp duty applies and hence property tax is not required (as stamp duty is not payable).
- **Between \$650k and \$1.5m** – Concessional rates of upfront stamp duty apply. Eligible first home buyers can opt to pay the annual property tax rather than upfront stamp duty.
- **Above \$1.5m** – Upfront stamp duty applies and customers cannot opt for the annual property tax.

For more information, please refer to the Service NSW website, here: [service.nsw.gov.au/transaction/calculate-your-property-tax](https://service.nsw.gov.au/transaction/calculate-your-property-tax).

## A helpful reminder.



The Credit Hotline will open again from next week, at 8:00am ACDT on **Monday 16 January 2023**.

## You've got questions? We've got time to talk.



1300 137 532 (Monday to Friday 8am – 5pm)



[banksa.com.au/brokers](https://banksa.com.au/brokers)

Thanks,

**Your BankSA team**

### Things you should know

Credit criteria, fees and charges apply. Terms & conditions available at [banksa.com.au/brokers](https://banksa.com.au/brokers). Based on BankSA's credit criteria, residential lending is not available for Non-Australian resident borrowers.

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