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### FIND OUT MORE

<http://bantacs.com.au/aboutus/>

We're back! While I love getting fat tax refunds for clients, I love writing tax tips even more. It's been too long. I did manage make some posts to facebook, it is a very easy way for us to keep you up with the latest changes. I can't encourage you enough to subscribe to <https://www.facebook.com/BANTACSpropertypage/> and <https://www.facebook.com/bantacs/> for fun and succinct updates.

All of the articles in this edition relate to property but not just investing, it includes home owners and first home buyers. Many with useful links to more detail available on our blog page.

### A Must Read Before You Buy Property

There is a new approach by the ATO in trying to collect tax on property transactions, that is to put the onus on the purchaser. From 1<sup>st</sup> July, 2018 the following apply:

- 1) If the property you are buying costs more than \$750,000 you must withhold and send to the ATO 12.5% of the purchase price unless the seller provides you with a clearance certificate.
- 2) Pay 1/11<sup>th</sup> of the purchase price to the ATO as GST when you buy a new residential property or vacant land from a new subdivision.
- 3) Consider the depreciation consequences between buying from a builder or building a brand new property compared with an established property.
- 4) Staying in your rental property will disqualify you from claiming all future depreciation on the plant and equipment.

To find out more read our blog

<https://bantacs.com.au/Jblog/heads-up-must-knows-for-buying-a-property-after-30th-june-2018/#more-186>

### Airbnb Beware

More than 20 years after the original legislation was introduced the ATO has finally given some clarity for people renting out their home on a short-term basis.

Be warned it is a cash grab so make sure you read our blog before you even list your property for rent. That is one of the many traps, even listing your property on Airbnb without ever earning rent could destroy your main residence CGT exemption and force you to keep records for the rest of the time you own the property.

<https://bantacs.com.au/Jblog/the-tax-and-record-keeping-consequences-of-holiday-rentals-such-as-airbnb/#more-190>

### Super concessions for downsizers

Came into effect on 1<sup>st</sup> July 2018 - If you are over 65, have held your home for 10 years or more and are looking to sell, you can contribute a lump sum of up to \$300,000 per person into superannuation without being restricted by the existing non-concessional contribution caps but your superannuation balance needs to be under \$500,000. There is no maximum age restriction.

## Commonwealth Bank Changes

Veridian Lines of Credit - As a result of the Commonwealth Bank wanting to appear to be tightening their lending controls, Veridian lines of credit will no longer have a floating cap. A floating cap is where you have a group of loans linked together with one total borrowing limit. This means you can adjust the level or cap on each loan to suit your needs providing the total borrowing stays under your approved limit. These loans were very useful to taxpayers wanting to be careful to separate their non deductible borrowings from their tax deductible borrowings whilst still borrowing the maximum they could.

Apparently to adjust the caps now, you need to apply a fresh, for the loan facility. This is of great concern to us because we fear any refinancing could mean the loss of tax deductibility on some loans. It is very important that when a deductible loan is refinanced there is no mixing with other funds or detours along the way, reference TR 2000/2 paragraph 18. I can't emphasis strongly enough that you should involve your Accountant in the process, before funds are transferred.

Redraw Facilities - They also want you stuck with them for life so they have adjusted the terms of their redraw facility. If you pay extra money off your home loan they will reduce your repayments to reflect this. Each month using a portion of the extra money you have paid off the loan to meet your mortgage payment.

This means your redraw balance reduces slowly. The calculation is based on the term of the loan remaining the same regardless of how much you pay off. If you have a 30 year loan they reduce the repayments to make sure you stay with them for 30 years. When the time comes that you want to rely on it you will find there is a lot less available for redraw. Instead you have had more money sitting in your spending (not savings) account because your loan repayments have been reduced.

Just like the credit card fiasco another trick to get you to spend more of your money and spend your life in debt to the bank. They are of course promoting it as something customers want!

If you have a redraw facility with Commonwealth Bank it would be wise to change to an offset account. Offset accounts also provide a better tax outcome if the property ever becomes a rental <https://www.commbank.com.au/banking/changes-to-loan-repayments-and-redraws.html?bid=TNT-TBT-SER-HL-HLPLRepayments-NBPP-Overpay>

## Using super to save for your first home

The first home savers scheme allows first-home buyers to save for a deposit inside their superannuation fund, attracting the tax incentives benefits of superannuation. You can contribute \$15,000 a year in voluntary concessional contributions (for example by salary sacrificing) providing you don't exceed your \$25,000 cap in total (includes your employer contributions). Alternatively, you can make non-concessional contributions (voluntary after-tax contributions) of up to \$15,000 a year. You are only entitled to contribute a total of \$30,000 in your lifetime. When you buy a house, you withdraw the contributions and earnings to add to your deposit.

**Latest Askbantacs Questions and Answers -** <http://www.bantacs.com.au/QandA/index.php>

Aged Care when Pre CGT home owned jointly <https://taxquestions.com.au/joint-tenants-of-pre-cgt-property-and-aged-care/>

Non Resident Selling an Australian Property <https://taxquestions.com.au/selling-australian-property-when-you-are-a-non-resident/>

Non Resident Property Developers <https://taxquestions.com.au/non-resident-property-developers/>

Building a New Home in the Back Yard, to Sell <https://taxquestions.com.au/subdividing-and-building-a-new-home-in-the-back-yard/>

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