



BROADLEY REES HOGAN



New GST Withholding Obligations for Residential Property Transactions to Apply from 1 July 2018

BY ADAM RALEIGH, SPECIAL COUNSEL

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D + 61 7 3223 9116

E adam.raleigh@brhlawyers.com.au

A very important reminder that, after 1 July 2018, the parties to residential property contracts entered into after this date must comply with new significant GST withholding obligations.

These obligations have been previously examined in our recent article "New Proposed GST Withholding Obligations For Residential Property Transactions"

Essentially, the new obligations require:

1. the Sellers of all residential premises or potential residential land to notify the Buyer whether the Buyer will be required to withhold the required GST amount from the settlement proceeds and to pay this amount to the Australian Taxation Office ("ATO"); and
2. the Buyers of new residential premises or potential residential land to lodge two separate online forms with the ATO and to ensure that the required GST amount is withheld from the settlement proceeds and paid to the ATO.

Contracts for the sale of residential premises or potential residential land entered into after 1 July 2018 should include appropriate provisions dealing with these obligations.

In Queensland, the Real Estate Institute of Queensland ("REIQ") and the Queensland Law Society are currently preparing new editions of the standard contracts for such residential property transactions which will include various changes dealing with these obligations.

For residential property deals under negotiation in the days leading up to 1 July 2018, it will be necessary to ensure that the new form of standard contract is used (once it has been made available) to ensure compliance if the contract is not entered into until after 1 July 2018.

Specially drafted non-standard contracts (such as "off the plan" contracts for particular development projects) must ensure that they include adequate treatment of the GST withholding obligations of both parties.

Residential contracts which were entered into before 1 July 2018 will only be affected by these obligations if they settle after 1 July 2020.

Further Contact

For further information or a detailed discussion on how these issues may affect you, please contact Adam Raleigh:

ADAM RALEIGH | SPECIAL COUNSEL

Property Services

D + 61 7 3223 9116

E adam.raleigh@brhlawyers.com.au