



HomeBuilder – Frequently Asked Questions

HomeBuilder provides eligible owner-occupiers (including first home buyers) with a grant of \$25,000 to build a new home or substantially renovate an existing home. HomeBuilder will assist the residential construction market by encouraging the commencement of new home builds and renovations this year.

HomeBuilder is a time-limited grant program to help the residential construction market to bounce back from the Coronavirus crisis.

HomeBuilder is designed to complement existing State and Territory first home owner grant programs, stamp duty concessions and other grant schemes.

HomeBuilder will be implemented through a National Partnership Agreement and is currently being considered by all States and Territories.

Further detail on eligibility and how to apply will be made available through the relevant State or Territory administrative authority when the National Partnership Agreement has been finalised. You can register to receive updates when more information is available on the Treasury Coronavirus website:

<https://treasury.gov.au/coronavirus/homebuilder>

Register your interest

You can register to receive updates when more information is available on the Treasury Coronavirus website: <https://treasury.gov.au/coronavirus/homebuilder>

ACCESSING HOMEBUILDER

What is HomeBuilder?

HomeBuilder is a time-limited, tax-free grant program to help the residential construction market to get through the Coronavirus pandemic.

HomeBuilder will provide eligible owner-occupiers (including first home buyers) with a grant of \$25,000 to build a new home or substantially renovate an existing home.

Where can I/will I find the application forms?

Information on how to apply will be made available when the National Partnership Agreement is finalised. It is expected that, where possible, States and Territories will align the HomeBuilder application processes with existing processes for first home owner grants (or similar). Applicants will be able to apply in relation to eligible contracts that are entered into from 4 June 2020 up to 31 December 2020.

When will the grant be paid?

HomeBuilder is being implemented in partnership with States and Territories. For new builds, grants will be paid in line with the timing of payments for first home owner grants or at the discretion of your State and Territory if there is no first home owner grant schemes in place. For substantial renovations, grants will be paid once at least \$150,000 of the contract price has been paid in respect of the renovation.

When will I receive HomeBuilder?

HomeBuilder grants will be paid by the relevant State or Territory authority provided the applicant meets the eligibility criteria.

Who can apply for HomeBuilder?

To access HomeBuilder, owner/occupier applicants must:

- be a natural person (not a company or trust);
- be aged 18 years or older on the contract date;
- be an Australian citizen;
- be below one of the following two income caps:
 - \$125,000 per annum for an individual applicant based on their 2018-19 taxable income or later; or
 - \$200,000 per annum for a couple based on their combined 2018-19 taxable income or later.
- enter into a contract from 4 June 2020 up to 31 December 2020 to either:
 - build a new home as a principal place of residence, where the property value (i.e. house and land) does not exceed \$750,000; or
 - substantially renovate an existing home as a principal place of residence, where the renovation contract is greater than \$150,000 and does not exceed \$750,000, and where the value of the existing property (i.e. house and land, before renovation) does not exceed \$1.5 million.

Is there a limit to how many people can access HomeBuilder?

No. HomeBuilder is an uncapped, time-limited grant.

How do I apply?

You will be able to apply for HomeBuilder through your relevant State or Territory revenue office or equivalent authority, once the State or Territory Government that you live in (or plan to live in) signs the National Partnership Agreement.

States and Territories will backdate acceptance of HomeBuilder applications to 4 June 2020 once the National Partnership Agreement is signed.

You should contact your relevant State or Territory revenue office for more information about when and how you will be able to apply for HomeBuilder.

What documentation will I need to provide?

The State or Territory revenue office will require certain documents to process your application.

More information on the documentation you will need to provide will become available through the relevant State or Territory authority.

What happens if there is a change in circumstance and I'm no longer eligible?

If your circumstances change after you have applied for HomeBuilder but have not yet received the payment, and no longer meet the eligibility criteria, you will need to notify your State or Territory immediately.

Who pays HomeBuilder and who receives it?

It is expected that the relevant State or Territory revenue office will distribute the \$25,000 grant directly to the applicant.

How will my income be assessed?

The income caps will be assessed against your taxable income and based on your 2018-19 Australian tax return (or 2019-20). HomeBuilder is subject to the following two income caps:

- \$125,000 per annum for an individual applicant based on your 2018-19 taxable income or later; or
- \$200,000 per annum for a couple based on both 2018-19 taxable income or later.

How do I prove my taxable income?

Taxable income is shown on your notice of assessment. The notice of assessment is issued by the Australian Taxation Office once your tax return for an income year is processed and this can be used to demonstrate your taxable income.

Note: Taxable income is your gross income less allowable deductions and represents the amount of income you pay tax on. More information on taxable income can be found at

<https://www.ato.gov.au/Individuals/Lodging-your-tax-return/In-detail/What-is-income-/#Taxableincome>

What if I don't lodge a tax return?

If you didn't earn any income or you earned below the tax free threshold you may be able to lodge a 'nil tax return' or a 'non lodgement advice' to the Australian Taxation Office. Evidence of a nil tax return or non-lodgement advice is appropriate evidence of your income in the relevant financial year. Additional information on requirements for lodging a tax return is available on the Australian Taxation Office website.

Will the tax return have to match the name on the building contract and land title?

Yes, the applicant must be the person(s) who is/are listed on the certificate of title of the property, and the notice of assessment.

What is the definition of 'couple'?

This will be determined by the relevant State or Territory authority. Generally this would include couples in a registered domestic relationship, or those living as a couple on a genuine domestic basis.

What proof do I need to provide to show that I reside or intend to reside at the property?

This will be determined by the relevant State or Territory authority. Implementation of the HomeBuilder program is currently being considered by States and Territories. It is expected that, where possible, States and Territories will align the HomeBuilder application processes with existing processes for First home owner grants (or similar).

My partner and I jointly own our home. I am an Australian citizen but my partner is not. Can I apply even though the home is jointly owned?

The Scheme is only open to Australian citizens. Eligible owner-occupier(s) must be listed on the property's certificate of title, and they must meet the eligibility criteria of the program. Permanent residents are not eligible for the Scheme.

Am I able to apply for a second HomeBuilder grant for my property as I wish to undertake two substantial renovations on my property?

No. A property is only eligible for one HomeBuilder grant. The eligible applicant can only receive the HomeBuilder grant once.

I already own land but haven't signed a contract to build a new house – am I still eligible?

Yes, if you meet the following criteria:

- If you own a property (house and land), and knock the house down to rebuild – this will be counted as a substantial renovation, and therefore subject to the renovation price range of \$150,000 to \$750,000 provided the total value (house and land) of the property does not exceed \$1.5 million pre-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 announcement, and then build, the total value of the land and build cannot exceed \$750,000.

What is the definition of an owner-builder?

A licensed or registered builder cannot undertake building or substantial renovation work on their own property. An owner-builder is intended to mean a person who is the registered or licensed builder and who takes legal responsibility for domestic building work carried out on their own land/property. Further detail will be made available through the relevant State or Territory administrative authority.

Can I apply for both the HomeBuilder grant and other housing grants offered by my State?

Your eligibility for other home-related programs will not affect your eligibility for HomeBuilder.

I would like to renovate my investment property – would it be eligible for HomeBuilder?

No. Investment properties are not eligible for HomeBuilder.

Is the HomeBuilder grant tax-free?

Yes. The \$25,000 grant will not be taxed in the hands of the owner occupier(s) receiving the grant.

What if I renovate my house and then want to sell? Is there a limit on how long I need to live there?

It is expected that you will continue to live at the property (as your principal place of residence) for at least 6 months. However, this will be confirmed by the relevant state or territory authority, noting that implementation of the HomeBuilder program is currently being considered by States and Territories.

My mother's cousin is a Builder. Can they help me build my new house under HomeBuilder?

Details regarding implementation of the HomeBuilder program are currently being considered by States and Territories to ensure it can be implemented effectively. It is expected that, in negotiating the contract, the parties must deal with each other at arm's length. This means the contract must be made by two parties acting freely and independently of each other, and without offering favour for some special relationship, such as being a relative. The terms of the contract should be commercially reasonable and the contract price should not be inflated compared to the fair market price.

DWELLINGS

What types of dwellings are eligible under HomeBuilder?

All dwelling types (house, apartment, house and land package, off-the-plan, etc) are eligible under HomeBuilder, in accordance with the requirement that the owner-occupier must contract to build a new dwelling or substantially renovate their existing dwelling. The applicant must also meet the eligibility requirements outlined above.

What are the price caps associated with HomeBuilder?

HomeBuilder is subject to two prices: a contract price cap (for new builds and renovations) and an income cap for applicants.

Contract price cap

A national price cap of \$750,000 will apply for new home builds. This means that the value of new builds (house and land), house and land packages, and off-the-plan purchases must not exceed \$750,000 to be eligible for HomeBuilder.

For renovations, a building contract price range of between \$150,000 and \$750,000 will apply and the total value of your property before renovation must not exceed \$1.5 million.

Income price cap

Eligible applicants must meet one of the following two income caps:

- \$125,000 per annum for an individual applicant based on your 2018-19 taxable income or later; or

- \$200,000 per annum for a couple based on both 2018-19 taxable income or later.

The income price cap, as well as the eligibility criteria for the applicant, were chosen to reduce complexity as they align with the Commonwealth Government's First Home Loan Deposit Scheme.

Is a HomeBuilder grant taxed?

No – a HomeBuilder grant will not be taxed in the hands of the owner-occupier. This is consistent with existing state and territory First Home Owner Grant programs.

What type of contracts are eligible under HomeBuilder

HomeBuilder will be available for building contracts signed between 4 June 2020 and 31 December 2020, this includes sales contracts for new builds where building commences after 4 June 2020.

What if I want to buy a recently built home that has never been lived in before? (eg spec build)

HomeBuilder is intended to support activity and provide a pipeline of work for the residential construction sector in the second half of 2020. An existing home that has already been completed, or started construction before 4 June, does not qualify for HomeBuilder.

Further, where construction commences on or after 4 June 2020 and no later than three months after the contract is signed and provided the contract is signed between 4 June and 31 December 2020, then the property purchase may be eligible for HomeBuilder.

What if I want to buy an off-the-plan apartment or townhouse?

Off-the-plan apartments or town houses are eligible for HomeBuilder.

If you sign the contract to buy the off-the-plan dwelling on or after 4 June 2020 and on or before 31 December 2020 and construction commences on or after 4 June 2020 and no later than three months after the contract is signed then the property purchase may be eligible for HomeBuilder.

However, if you sign the contract to buy the dwelling after 4 June 2020, and construction on the home commenced before 4 June 2020, then the home does not qualify for HomeBuilder.

I want to build a new home in a land lease community or retirement village. Is my property eligible for HomeBuilder?

Eligible owner-occupier(s) must be listed on the property's certificate of title. The owner-occupier must also be a natural person (not a company or trust), and meet the other eligibility criteria of the program.

What about pre-fabricated houses? Are they considered construction and eligible for HomeBuilder?

Construction must be undertaken by a registered or licensed building service 'contractor' who is named as a builder on the building licence or permit. Provided the construction is undertaken by a licensed builder and meets all other eligibility requirements, it will be eligible for HomeBuilder.

What happens if approvals to build my dwelling are delayed?

Construction pursuant to the contract must commence within three months of the contract date. States may exercise discretion where commencement is delayed beyond three months from the contract date due to unforeseen factors outside the control of the parties to the contract (e.g. delays in building approvals).

I am not a first home buyer – can I access HomeBuilder?

Yes. Provided you meet the eligibility criteria, you can apply for a HomeBuilder grant. However, HomeBuilder is not available for investment properties or to owner-builders.

SUBSTANTIAL RENOVATIONS

What renovations are eligible?

To be eligible for HomeBuilder, renovations must substantially alter the existing dwelling, and:

- the renovation contract must be between \$150,000 and \$750,000,
- the value of your existing property (house and land) must not exceed \$1.5 million pre-renovation.

To be substantial, the renovation need not involve removal or replacement of foundations, external walls, interior supporting walls, floors, roof or staircases. However, it should improve the accessibility or safety or liveability of the property.

Examples of works that would not qualify include: standalone granny flats, swimming pools, tennis courts, and structures that are not connected to the property (i.e. outdoor spas and saunas, sheds or standalone garages).

How will the \$1.5 million value be assessed for substantial renovations?

The evidence to demonstrate the value of your property is a matter for determination by each State and Territory. States and Territories may consider evidence such as a recent contract of sale for the property, a rates notice that identifies the Capital Improved Value, or a bank or independent valuation.. Further information will be available through your State or Territory.

Are knock-down rebuilds considered "renovations"?

Knock-down rebuilds are considered substantial renovations for the purposes of HomeBuilder.

Is landscaping considered a substantial renovation?

Substantial renovations are not expected to include renovations that are primarily cosmetic in purpose, such as landscaping. A renovation must substantially alter the existing dwelling (please refer to the FAQ 'What renovations are eligible?').

Are granny flats eligible for HomeBuilder?

Standalone granny flats are not eligible for HomeBuilder. For more information, please refer to the FAQ 'What renovations are eligible?'.

INTEGRITY MEASURES

What integrity measures is the Government implementing?

HomeBuilder is subject to strict eligibility criteria, price caps and income caps to manage demand and support residential construction activity.

Owner-builders and those seeking to build a new home or renovate an investment property are ineligible for HomeBuilder.

The renovation works must be to improve the accessibility or safety or liveability of the dwelling. It cannot be for standalone granny flats, swimming pools, tennis courts, and structures that are not connected to the property (i.e. outdoor spas and saunas, sheds or standalone garages).

In addition, any building contract entered into must be at arm's length. This means the contract must be made by two parties independently of each other and without some special relationship, such as being a relative. The terms of the contract should be commercially reasonable and the contract price should not be inflated compared to the fair market price.



HomeBuilder

HomeBuilder provides eligible owner-occupiers (including first home buyers) with a grant of \$25,000 to build a new home or substantially renovate an existing home. HomeBuilder will assist the residential construction market by encouraging the commencement of new home builds and renovations this year.

HOMEBUILDER

Summary

HomeBuilder is a time-limited grant program to help the residential construction market to bounce back from the Coronavirus crisis.

HomeBuilder will provide eligible owner-occupiers (including first home buyers) with a grant of \$25,000 to build a new home or substantially renovate an existing home where the contract is signed between 4 June 2020 and 31 December 2020. Construction must commence within three months of the contract date.

HomeBuilder will complement existing State and Territory first home owner grant programs, stamp duty concessions and other grant schemes, as well as the Commonwealth's First Home Loan Deposit Scheme and First Home Super Saver Scheme.

Eligibility

To access HomeBuilder, owner-occupiers must meet the following eligibility criteria:

- you are a natural person (not a company or trust);
- you are aged 18 years or older;
- you are an Australian citizen;
- you meet one of the following two income caps:
 - \$125,000 per annum for an individual applicant based on your 2018-19 taxable income or later; or
 - \$200,000 per annum for a couple based on both 2018-19 taxable income or later.
- you enter into a building contract between 4 June 2020 and 31 December 2020 to either:
 - build a new home as a principal place of residence, where the property value does not exceed \$750,000; or
 - substantially renovate your existing home as a principal place of residence, where the renovation contract is between \$150,000 and \$750,000, and where the value of your existing property (house and land) does not exceed \$1.5 million (pre-renovation);
- construction must commence on or after 4 June and within three months of the contract date.

Process and timing

HomeBuilder will be implemented via a National Partnership Agreement with State and Territory governments. This approach will utilise existing State and Territory mechanisms to distribute the HomeBuilder payments.

When the States and Territories begin accepting HomeBuilder applications, they will backdate acceptance of these applications to 4 June 2020.

Information on when and how you will be able to access HomeBuilder will become available through the relevant State or Territory.

Budget impact

This measure is expected to have a cost of \$680 million. Final program costs will depend on actual take-up of the grant and may differ from these estimates as HomeBuilder is an uncapped and demand-driven program.

Case Study Examples

First home buyers Emma and Liam decide to purchase a house and land package

Emma and Liam enter into a house and land contract for \$550,000 on 25 September 2020. Emma and Liam's bank applies on the couple's behalf to the relevant State or Territory to receive the HomeBuilder \$25,000 grant. The State or Territory conducts the eligibility checks and reviews the couple's documentation and confirms that both Emma and Liam are Australian citizens, over the age of 18, have a combined taxable income under \$200,000 based on their 2018-19 tax return and the value of the contract is under the \$750,000 contract price cap.

As the couple are both first home buyers, Emma and Liam may also be entitled to their State's first home owner grant and stamp duty concessions as well as the Commonwealth's First Home Loan Deposit Scheme and First Home Super Saver Scheme.

Owner-occupier Cassidy decides to substantially renovate her home

Cassidy enters into a contract on 31 December 2020 to substantially renovate her home, with renovations valued at \$400,000. The value of her home is \$900,000 (this includes the value of the house and the land). Cassidy pays the builder \$150,000 of the cost of renovation of her home on 2 February 2021. Cassidy then applies directly to her State or Territory to receive the \$25,000 HomeBuilder grant.

The State or Territory conducts the eligibility checks and confirms that Cassidy owns the property, is an Australian citizen, over the age of 18, and has a taxable income under \$125,000 based on her 2019-20 tax return. The State or Territory also confirms the value of the renovations is between \$150,000 and \$750,000, and the value of her home (house and land) is less than \$1.5 million pre-renovation, and Cassidy has made a payment of at least \$150,000 for the renovations. The State or Territory approves the application.

As Cassidy already owns her own home, she is not eligible for the first home owner grant, the First Home Loan Deposit Scheme or the First Home Super Saver Scheme.

First home buyer Rebecca decides to purchase an off-the-plan apartment

First home buyer Rebecca enters into a contract to purchase an off-the-plan apartment valued at \$550,000 on 6 October 2020.

Rebecca's bank applies on her behalf to the relevant State or Territory to receive the HomeBuilder \$25,000 grant. The State or Territory conducts the eligibility checks and reviews Rebecca's application documentation. The State or Territory confirms that Rebecca is an Australian citizen, over the age of 18, has a taxable income under \$125,000 based on her 2018-19 tax return and the value of the off-the-plan apartment is under the \$750,000 contract price cap.

As Rebecca is a first home buyer, she may also be entitled to their State's first home owner grant and stamp duty concessions as well as the Commonwealth's First Home Loan Deposit Scheme and First Home Super Saver Scheme.

Owner occupiers Jacqui and Henry decide to knock down and rebuild their existing home

Jacqui and Henry enter into a building contract to knockdown and rebuild their existing home on 24 August 2020, with the knockdown and rebuild contract valued at \$400,000. The value of the property is \$800,000 (including the current value of the dwelling and land). Jacqui and Henry's bank applies on the couple's behalf to the relevant State or Territory to receive the HomeBuilder \$25,000 grant.

The State or Territory conducts the eligibility checks and confirms that the couple own the property, are Australian citizens, over the age of 18, have a combined taxable income under \$200,000 based on their 2018-19 tax return, and the value of their existing home and land pre-renovation is less than \$1.5 million. The building contract is also within the HomeBuilder renovations price range (between \$150,000 and \$750,000) and the couple have made payments of at least \$150,000 for the contract price. The State or Territory approves the application.

As Jacqui and Henry already own their own home, they are not eligible for the first home owner grant, the First Home Loan Deposit Scheme or the First Home Super Saver Scheme.

Owner-occupiers Carla and Andrew decide to build a new home on a vacant block

Carla and Andrew decide to build a new home on a vacant block of land that they already own. The value of the vacant block is \$400,000 and the building contract that Carla and Andrew sign is for \$300,000. Carla and Andrew enter into the building contract on 4 July 2020 and make the first progress payment when construction commences on 2 August 2020.

The State that Carla and Andrew live in signs the HomeBuilder National Partnership Agreement on 23 August 2020 and starts to receive HomeBuilder applications through the State or Territory on 27 August.

Carla and Andrew apply for HomeBuilder via the relevant State or Territory which conducts the eligibility checks and confirms that both Carla and Andrew are Australian citizens, over the age of 18, have a taxable income under \$200,000 based on their 2018-19 tax returns, the value of the property (house and land) is less than \$750,000, the contract was signed on or after 4 June 2020 and before 31 December 2020, and they have made the first progress payment. The State or Territory approves the application.

As Carla and Andrew are not first home buyers, they are not eligible for the first home owner grant, the First Home Loan Deposit Scheme or the First Home Super Saver Scheme.

Owner-builders are ineligible for HomeBuilder.

Investment properties are ineligible for HomeBuilder.

In negotiating a building contract, the parties must deal with each other at arm's length. This means the contract must be made by two parties freely and independently of each other, and without some special relationship, such as being a relative. The terms of the contract should be commercially reasonable and the contract price should not be inflated compared to the fair market price.

Renovations or building 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.

The renovation works must be to improve the accessibility or safety or liveability of the dwelling. It cannot be for standalone granny flats, swimming pools, tennis courts, and structures that are not connected to the property (i.e. outdoor spas and saunas, sheds or standalone garages).

HomeBuilder will be non-taxable - consistent with existing state and territory first home owner grant programs.