

# Prowealth News

The latest in finance, property & accounting news from Prowealth Investments



Thursday 10th June 2010

## UP COMING EVENTS

Winter Property Release  
Sunday July 18th 10am till 2pm  
Terrigal (Venue TBA)  
[Click here to book.](#)

## Downloads

[NSW Builders Bonus Fact Sheet.pdf - 149.57 KB](#)

[Winter Release Day Invitation.pdf - 1.74 MB](#)

[2nd Qtr Newsletter 2010.pdf - 1.3 MB](#)

## Important news about Stamp Duty in NSW as a result of the 2010 NSW State Budget.

Dear Hotlist member,

You may have caught the headlines regarding our State Budget in the past 48 hours.

For property investors there were a number of announcements that will benefit us all greatly, especially in the next 6 to 12 months.

The main impact is the [waiving or discount of Stamp Duty](#) on certain property purchases.

For us investors, some of the potential benefits are -

- A huge saving in stamp duty (to a [maximum of \\$22,490](#) depending on the property).
- A lower 'cost to hold' your potential investment property.
- Less equity needed to purchase the property and thus a smaller loan.

Every situation is different, but based on the 3 people I have seen since the budget changes were announced yesterday, it's made a significant **POSITIVE** impact on the clients bottom line.

## In plain english -

Here's a summary of the main changes and my thoughts on them -

- Stamp duty will be **waived, zilch, zero, nada**, on a new property purchase priced below \$600,000 for a home (including units, villa's etc) and below \$400,000 for vacant land where construction has **NOT** commenced. This is a maximum saving of [\\$22,490](#) for a home and [\\$13,490](#) for vacant land.
- If construction **HAS** commenced, you will receive a **25%** discount on the stamp duty payable. This is a maximum saving of [\\$5,622](#) for a home and [\\$3,372](#) for vacant land.
- The new discounts or concessions apply from contracts entered into between [July 1st 2010](#) and before [July 1st 2012](#).

- The development must be completed by [Dec 2012 or Dec 2013](#) in some cases. If you buy vacant land, you must start building within 6 months of exchange of contracts for the land component.
- Discounts are available to everyone, [including Self Managed Super Funds](#).

[You can also download the full fact sheet here.](#)

## My Opinion –

- For high rise buildings, only those that are already DA approved could potentially be built within the time frames above, therefore the availability of stock will disappear quickly in these new developments. Plus, [as soon as the developer starts construction, your discount drops to only 25%](#) of the total duty payable. This means you need to buy off the plan before construction starts for maximum discount. You will need to act fast as the demand will create more presales for developers which means they will start their projects sooner, good in some ways, but bad as you would have to pay some stamp duty. My advice is to buy now off the plan and take the \$22,000 saving.
- As for vacant land, I believe there will be a rush from all segments of the market to buy vacant land to build a house as an owner occupied, first home or investment property. This means that many [land estates will sell out quickly](#) and those profit driven land developers will almost certainly raise prices in future stages. Again you need to act quickly to secure a block before demand exceeds supply. (I've seen this in many areas of Sydney and the Hunter already)
- Be aware that should you buy an already completed new home, the discount is [only 25%](#) of total duty payable. You may be better off to enter into a contract to have it constructed (off the plan) or purchase the vacant land then contract to build the house. This saves maximum stamp duty. Prowealth can structure purchases this way to save you money.
- Self Managed Super Funds can also purchase under this scheme, which means it's potentially [\\$22,490 less super](#) you might need to buy a property in your fund. As SMSF's can take time to setup I suggest you talk to us now about getting it started so you can jump on the best property. Remember that if the developer starts construction before you exchange contracts you only get a 25% discount rather than paying zero stamp duty. It's worth noting that Prowealth SMSF's that purchase house and land packages (in selected estates) will save the full amount of stamp duty, due to the way we structure the contract.
- Finally, one of my clients said to me - "Daniel, I've now got 2 years to buy a property, why do I need to buy something now?"

My answer is simple. Supply and Demand. It's clear that the Governments intention is to stimulate new construction in NSW by offering such [large and never before seen incentives](#) for people to buy new property. Given the choice many people will opt to go new and save the money as its far less deposit they will need for their purchase, plus new properties are already favoured by most investors for the superior tax deductions they offer, so these will be in any savvy investors sights. This will see strong demand for new property and perhaps even a slight dip in demand for established housing when buyers weight up the costs. You will also see a number of interstate investors buying in NSW given these discounts. Victoria already has a Stamp Duty system like this and is one reason why they build about 20,000 homes more per year than we do in NSW and is leading the way in terms of capital growth. It will happen in NSW so get ready for the wave coming on July 1.

If you want to speak to us about your individual situation, give us a call on **1800 13 22 64** or send an email to us at [info@prowealth.com.au](mailto:info@prowealth.com.au) and we'll get back to you asap.

Please give us a few days to get back to you as we have been literally swamped by clients in the last 24 hours wanting to know what to do as a result of the announcement.

**Daniel Goodwin**  
**Director**

**Ps** – Don't forget to book into our **Winter Property Release Day**. We have a number of new developments being released on the day and almost every one of them will be eligible for the discounts. [Download the invite here.](#)

**Pss** - For clients who in the process of purchasing, we will look at the different discounts available and let you know if you should exchange prior to July 30th (50% discount on new property constructed or not) of if you should wait till July 1st.

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