



**STATE BUDGET ZERO TRANSFER DUTY FOR OVER 65s WILL ENCOURAGE
EMPTY NESTERS TO DOWNSIZE AND HELP HOUSING SHORTAGES**

Zero transfer duty for people over 65 selling an existing property and buying a newly constructed home is a good measure as handed down by NSW Treasurer Eric Roozendaal and will contribute both to helping older home owners 'down size' and encourage new home construction, but the measure is targeted at independent living retirees rather than people moving into retirement villages, said Pitcher Partners tax partner John Ross.

The exemption will apply to sales between 1 July 2010 and 30 June 2012 for newly constructed homes costing up to \$600,000.

"This is a good measure to free up the empty nesters, assisting them to realise their family home asset and move into a smaller home with reduced transfer costs. However, the \$600,000 threshold is too low to benefit many Sydney residents and the timeline too short for new developments to be designed and built in response to the measure," he said.

Mr Ross said the State Budget measure is designed for people moving into independent living situations rather than retirement villages due to the nature of the legal arrangements established for retirement villages in NSW.

"This measure only applies to strata title villages which are rare in NSW and more common in WA. Aged care and retirement villages are usually structured as a bond (or a loan) and daily charges, none of which attract Stamp Duty or a "loan/licence or lease agreement" where a lease fee of \$10K is paid and the rest is a loan (interest free) that you get back when you 'leave'. Nominal Stamp Duty only is paid on the licence/lease. It will affect SEPP55 developments (over 55 requirement).

"Given our ageing population and the need to free up larger housing units close to existing transport infrastructure, the Budget measures are good social policy but need to have a higher threshold and greater longevity to have an impact," Mr Ross said. END

Pitcher Partners, including Johnston Rorke, is an association of independent firms. An independent member of Baker Tilly International.

For further information please contact:

Toni Borthwick, Marketing Manager, Pitcher Partners (02) 9228 2255 or 0402 206 072
Karin Krueger, KDK Media: (02) 9979 3718 or 0419 991 267