



**ACT**  
Government

**Suburban Land**  
Agency



# GOODS AND SERVICES TAX (GST) WITHHOLDING SCHEME

As of 1 July 2018, the Goods and Service Tax (GST) payable on land sales will be collected in a different way. It is important to note that the sale price of the land and amount of GST payable remains exactly the same. The GST component will now be collected separately under the GST Withholding Scheme.

## **I've bought a block of land after 1 July 2018 and I'm ready to settle. Who do I make my cheques out to?**

GST is payable when you settle on your block of land. When settlement occurs, you will be required to provide two separate cheques.

1. A cheque for the GST withholding amount, payable to the **Australian Taxation Office (ATO)**
2. A cheque for the remainder of the price of your land, payable to the **Suburban Land Agency**

## **How do I know how much to pay?**

The price of your purchased land will determine the amount of GST payable. In the lead up to your settlement date, the Suburban Land Agency's solicitor will send you or your solicitor a settlement statement which will outline the GST withholding amount and the land settlement amount, so you can organise your cheques in preparation for settlement.

For example, if you purchased a block of vacant residential land from the Suburban Land Agency for \$400,000, the following now occurs at settlement:

1. A cheque for \$28,000 is payable to the **Australian Taxation Office**
2. A cheque for \$372,000 is payable to the **Suburban Land Agency**

Please note the above is for illustrative purposes only and may not be a true indication of all costs that could occur at settlement.

## **I don't think this applies to me?**

The new withholding obligations will not apply if:

1. The residential land contains a building that is currently in use for commercial purposes – for example, a factory or shop being operated in an area where local zoning permits mixed use;
2. The sale is for potential residential land (not new premises) to a GST registered person or entity that acquires the property for a GST creditable purpose; or
3. If you signed your contract prior to 1 July 2018.



## I've signed a contract for a block of land after 1 July 2018. What do I need to do?

If you have appointed a solicitor or conveyancer, they will be able to complete the GST withholding process on your behalf. If you are self-acting, once you have exchanged your block, you are required to complete the following steps:

### How to pay GST on your land sales

1. Any time following exchange complete and submit the online ATO Form 1 - **GST property settlement withholding notification**. Refer to the details in your First Grant Contract to complete this form.
2. At least 10 days prior to settlement, provide a copy of your completed ATO Form 1, to the Suburban Land Agency's solicitor. Their contact details will be on the first page of your First Grant Contract.
3. In certain circumstances the amount needed to complete Form 1 may need to be updated or amended. If the Suburban Land Agency provides you with an amendment prior to your scheduled settlement, you will need to complete the ATO Form 1 again.
4. Arrange for a bank cheque payable to the ATO for the GST Withholding amount as detailed in Form 1. Please note that personal cheques won't be accepted by the ATO.
5. Arrange for a bank cheque for the remainder of the land sale price, payable to the Suburban Land Agency.
6. On the day of settlement, complete and submit: the online ATO Form 2 - **GST property settlement date confirmation**.
7. At your settlement appointment, provide the two cheques to the Suburban Land Agency, along with a copy of your completed ATO Form 2.
8. Within ten working days of settlement being completed, the Suburban Land Agency or an authorised representative will pay the GST Withholding cheque to the ATO and provide evidence to the purchaser.

Further information and links to the forms can be found on the ATO website at:

<https://www.ato.gov.au/business/gst/in-detail/your-industry/property/gst-at-settlement/>

Or in a Webinar recording available on ATOtv ([tv.ato.gov.au](http://tv.ato.gov.au)) – **GST at settlement changes from 1 July 2018**

This Factsheet is issued by the Suburban Land Agency as a guidance only. It contains general information and should not be used as a substitute for legal, financial or taxation advice.

The purchase of land and property is a complex matter and the Suburban Land Agency recommends all buyers obtain independent and specific legal, financial and taxation advice about their rights and obligations including in respect of the matters set out in this publication.