



GST Rebate Scheme for New Home Buyers and Renovations

Policy Background

- To support new home buyers and stimulate building activity, one option is a partial rebate of GST on residential building and land development.
- This could operate as an alternative to existing FHOG schemes.
- The rebate could be available to both owner-occupiers and rental investors purchasing a new dwelling. As owner builders obtain a significant GST concession, the rebate should be available to householders who contract in writing with registered ABN builders and businesses. Linking the GST rebate to ABN businesses would create an audit trail between the GST and income tax and discourage the proliferation of the informal economy as occurred in New Zealand and Canada after the introduction of GST.
- Assistance can be devised for householders undertaking renovation work. One possibility would be to rebate part of the GST where householders have renovation contracts in excess of \$5000 on which a housing indemnity cover is typically required under State consumer warranty legislation.
- Tying the eligibility for a GST rebate to evidence of a housing indemnity cover is supported by the industry because it would tilt the scales against the informal economy.

HIA's Policy Position on GST Rebate for New Home Buyers and Renovations

- HIA supports a new home buyer and renovation GST rebate scheme.