

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

2017 - 2018

Division/Agency: Australian Taxation Office
Question No: 220
Topic: Foreign Investors - Housing Affordability
Reference: Written
Senator: Rhiannon, Lee

Question:

Three of the housing affordability measures are aimed at foreign investors: restricting to 50% the amount of foreign investment in a single development, charging a fee for properties left vacant for 6 months, and restricting some capital gains tax concessions. What modelling has been undertaken to determine these measures' effect on house prices and/or the number of properties available to rent?

1. What information is Treasury/ATO planning to release publically in relation to the National Register of Foreign Ownership of Land Titles? For example:
 - a) Will there be information on the number of properties purchased (not just approved as is currently the case)?
 - b) Citizenship/visa status details?
 - c) Locations of properties purchased?
 - d) Cost of properties?
2. How regularly will the data be released?
3. When is the first set of data being released?
4. I understand that there is not going to be a stocktake of foreign investment in Australian residential property. However, will the Government monitor the status of these properties purchased by foreign investors so we have a stocktake going forward? (ie when they are sold etc)
5. I understand that from September 2016 the ATO is consolidating and matching quarterly data provided by the States and ACT. What is the status of the information gathering from the States/Territories? Have there been any problems in obtaining information from the States/Territories thus far? Have all States provided a test dataset to the ATO (due in May 2016 under Clause 19(a) of the Project Agreement)?
6. I understand that, since 1 July 2016, the ATO has been requiring, as a condition of approval, that foreign persons notify the ATO when they purchase a residential property. It is a foreign person's obligation to notify the ATO. Has this been occurring? How are you checking that it is occurring?
7. Have the number of applications for residential property foreign investment approval from the ATO fallen since the introduction of fees for approval in December 2015?
8. How does the Foreign Investment approval process (from the FIRB) interact with the requirement for foreign investors to notify the ATO of their purchases (from 1 July 2016), and data provided from the States/Territories relating to land titles?
9. Is it correct that the ATO has been working on a Residential Land Register of foreign ownership and that aggregated statistics will shortly be released?
10. When will these statistics be released?
11. Has the government compared the \$5000 additional charge to the costs incurred when making a property available to rent to assess its efficacy as a deterrent to leave a property vacant?

12. Although it is on the record that there will be no stocktake of foreign investment in Australian residential property, will the Government monitor the status of these properties purchased by foreign investors so there is a stocktake going forward?

Answer:

1. Aggregated data collected through the Residential Land register of foreign ownership will be released publically for properties settled from 1 July 2016. Legislation prevents publishing details that would identify investors.
2. Annually
3. The ATO will endeavour to provide a report on the 2016-2017 data before the end of 2017.
4. The ATO will monitor property sales, transfers and changes to the foreign person status on an ongoing basis.
5. Since 1 July 2016, all States have provided three quarterly periods of data to March 2017 in both the old format and the new reforms format. Not all states have started to collect the foreign identity fields in the new reforms format as legislation in some states to enable this has not yet passed.
6. The requirement to register a property on the residential land register of foreign ownership following settlement has been in place since 1 July 2016. The ATO matches Foreign Investment Review Board (FIRB) applications with existing and new land titles data. An email prompt campaign is in place to ensure compliance with this requirement.
7. The FIRB annual report for 2015-2016 shows around 40,000 applications for residential property. The 2016-2017 volume of applications is expected to be around 15,000.
8. The foreign investment approval process requires foreign persons to notify the ATO when they settle their property. Property Developers who are given approval for the new dwelling exemption certificate are also required to report 6 monthly on foreign persons who have entered into contracts. The ATO uses the approvals data, historic and new land titles information to assist in populating the residential land register of foreign ownership with properties settled after 1 July 2016. The addition of foreign identity fields from States and the ACT is required to assist with this process.
9. Yes. Aggregated statistics tracking settlements for the period 1 July 2016 to 30 June 2017 are expected to be released before the end of 2017.
10. Before the end of 2017.
11. There are a number of factors that influence a person's decision to rent their property. Costs incurred to make a property available for rent will differ widely based on geographical location, demand and supply for properties and the individual property. The vacancy charge payable will be equivalent to the relevant foreign investment application fee paid by the foreign investor on application of FIRB approval. The FIRB application fee is a sliding scale calculated on the price of the property, therefore the vacancy charge payable may differ for each property.

- 12 The Residential Land Register of foreign ownership will result in the production of aggregated settlement statistics for future years, with earliest data commencing from 1 July 2016.