Finance Legislation Amendment (Housing Affordability) Bill 2026

Duties Act 2008 (Duties Act)
First Home Owner Grant Act 2000 (FHOG Act)
Rates and Charges (Rebates and Deferments) Act 1992 (Rates and Charges Act)

Housing Taxation Package

On 12 March 2026, the State Government announced changes to extend and expand the off-the-plan duty concession. These changes apply to transactions entered into on or after 12 March 2026 (announcement date).

On 7 May 2026, the State Government announced budget measures that provided for changes to:

- increase the first home owner rate of duty (FHOR) thresholds
- increase the first home owner grant (FHOG) cap for homes south of the 26th parallel of South Latitude
- delink the eligibility for the first home owner rate of duty from the first home owner grant value caps and
- establish a new foreign transfer duty 'build-to-sell' exemption.

These changes apply to transactions entered into on or after 7 May 2026 (announcement date).

The Finance Legislation Amendment (Housing Affordability) Bill 2026 (Bill) amended the Duties Act to implement the 2026-27 State Budget Housing Taxation Package and to amend the existing foreign developer exemptions.

Transactions assessed using the previous rates or criteria that qualify for the new rates or exemptions are eligible for reassessment, with a refund issued for the difference in any duty paid.

First home owner rate of duty thresholds

The Duties Act imposes transfer duty on dutiable transactions involving dutiable property.[1] Duty on residential property is chargeable at the general rate unless a concessional rate applies.

Under section 142 of the Duties Act, a transfer, or an agreement for the transfer, of dutiable property may be assessed as a first home owner concessional transaction that is entitled to the FHOR.

Amendments to this section increase the concession thresholds that apply to the unencumbered value of established homes and vacant land. They also remove the distinction between established homes located inside or outside the Perth metropolitan and Peel regions.

[1] Duties Act ss 10, 11 and 15.

New and established homes

- Must not exceed $800,000 (previously $700,000 for land inside the metropolitan and Peel regions and $750,000 for land outside those regions)
- No duty is payable if the dutiable value does not exceed $600,000
- If the dutiable value is between $600,001 and $800,000, duty is payable at a rate of $16.15 for every $100, or part of $100, by which it exceeds $600,000.

Vacant land

- Must not exceed $550,000 (previously $450,000)
- No duty is payable if the dutiable value does not exceed $450,000.
- If the dutiable value is between $450,001 and $550,000, duty is payable at a rate of $20.14 for every $100, or part of $100, by which it exceeds $450,000.

Shared equity arrangements

A person who qualifies for the FHOR on the purchase of a part-interest in a property (first concessional transaction) under a shared equity arrangement[2] will only be assessed under the amended rates and thresholds for any further concessional transactions with the shared equity partner if the first concessional transaction was entered into on or after the announcement date.

Regulation-making power

Section 146A was inserted to allow the FHOR thresholds and rates to be prescribed if the changes will benefit first home buyers. This will enable future changes to be made more efficiently.

First home owner grant cap

To be eligible for the FHOG, a purchaser must meet certain requirements and the total value of the transaction must be below capped amounts that vary depending on where the home or land is located.

To allow for increases in costs associated with building a house, the cap amount for eligible transactions located south of the 26th parallel of South Latitude was increased from $750,000 to $800,000 for transactions with a commencement date, or construction commenced as an owner builder, on or after 7 May 2026.[3]

Remove the link between the first home owner grant value caps and eligibility for the first home owner rate of duty

To receive the FHOR, an applicant must meet the FHOG eligibility criteria in the FHOG Act.[4] Delinking the value caps means a first home buyer who purchases an established home or vacant land to build a home will be eligible for a duty exemption or concession if the total value of the transaction does not exceed the FHOR thresholds, regardless of whether the total value of the land and home exceeds the FHOG caps.

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2 Shared equity arrangements are entered into with certain persons prescribed under section 16(1) of the FHOG Act.

3 *First Home Owner Grant Amendment Regulations 2026*

4 FHOG Act s 8, Duties Act s 142A(1). There are some exceptions to eligibility linking. For example, the FHOG is only available to persons who purchase a 'new home' whereas the FHOR is available for both new and established homes.

Off-the-plan concession

The off-the-plan concession provides a reduction in duty for certain purchases of dwellings bought off-the-plan in strata and community titles schemes. The concession amount varies depending on the value of the dwelling, the contract purchase date and whether the contract was signed before or during construction of the development.

The changes to the off-the-plan concession:

- extend the concession for an additional two years to 30 June 2028
- expand the concession to include properties in a survey-strata or community titles (land) scheme and
- increase the value thresholds so the maximum concession rate applies to purchases valued up to $800,000 (up from $750,000), with the concession phasing down to the base concession rate for purchases valued above $900,000 (up from $850,000).

The requirement for the dwelling to be purchased under strata and community titles (building) schemes has been expanded to include new dwellings purchased off-the-plan in survey-strata and community titles (land) schemes.

- Strata and community titles (building) schemes:
  - define lots by reference to buildings, even where a lot includes land outside the building and
  - can only be registered once construction is complete as they subdivide the building itself rather than the underlying land so a Certificate of Title cannot be issued until the building is constructed.
- Survey-strata and community titles (land) schemes:
  - define lots by reference to land boundaries, not buildings and
  - can be registered before any construction takes place, allowing Certificates of Title to the land to be issued and transferred prior to any development.

The definitions of *concessional pre-construction agreements* and *concessional under construction agreements* have been amended to cater for the purchase of a lot in a survey-strata or community titles (land) scheme.[5] To receive the concession:

- the agreement must be to purchase a newly constructed dwelling on a lot in one of those schemes from an owner who has subdivided, or will subdivide, the land.
- the agreement must be a single agreement for the house and land[6] where the lot is transferred to the purchaser after construction is completed.
- for the pre-construction concession to apply, the agreement must be entered into before the relevant development commences.
- for the under-construction concession to apply, the agreement must be entered into after the relevant development commences but before it is completed.

5 Duties Act ss 266E, 266F, 266FAA, 266FA and 266FB

6 An agreement for the sale of the land separate to a building contract is ineligible for the concession.

Section 266J of the Duties Act has been replaced to redefine development commencement and completion. As it is common for land to have been subdivided in a survey-strata or community titles (land) scheme before construction of a dwelling commences, the definitions reflect the differences between the scheme types. For survey-strata or community titles (land) schemes:

- development commences:
  - if a building permit was granted – when any works (excluding subdivision works[7]) associated with the construction of a building or structure authorised by the building permit begin.
  - if no building permit was granted – when any works associated with the construction of a building or structure begin or at another time considered appropriate by the Commissioner.
- development completes:
  - if a building permit was granted – when notice of completion is required to be given to the local government authority, which is within seven days of completion of the work.
  - if no building permit was granted – when all the dwellings to be constructed on the land have been constructed and have become lawfully able to be used as places of residence, or at another time considered appropriate by the Commissioner.

Pre-construction agreements

A pre-construction agreement must be entered into before development commences.

Threshold	Concession amount
$800,000 or less	100 per cent of the duty paid or payable, capped at $50,000
more than $800,000 but less than $900,000	between 100 per cent and 50 per cent of the duty paid or payable, capped at $50,000. The 100 per cent concession reduces at a rate of 0.05 per cent for every $100 in dutiable value that exceeds $800,000
$900,000 or more	50 per cent of the duty paid or payable, capped at $50,000

Under construction agreements

An under construction agreement must be entered into after development has commenced but before development is completed.

Threshold	Concession amount
$800,000 or less	75 per cent of the duty paid or payable, capped at $50,000
more than $800,000 but less than $900,000	between 75 per cent and 37.5 per cent of the duty paid or payable, capped at $50,000. The 75 per cent concession reduces at a rate of 0.0375 per cent for every $100 in dutiable value that exceeds $800,000
$900,000 or more	37.5 per cent of the duty paid or payable, capped at $50,000

Other minor consequential amendments have been made throughout Chapter 6A of the Duties Act to give effect to these changes.

7 *Subdivision works* means works that are for the construction of retaining walls and for the levelling and / or cut and fill of the land carried out for the purpose of subdividing the land by the registration of a survey-strata or community titles (land) scheme.

Foreign developer exemptions

Additional duty of 7% applies to the dutiable value of certain transactions where a foreign person acquires residential property in Western Australia. This additional duty also applies where a foreign person acquires a relevant interest in a residential landholder.

A *foreign person* is a foreign individual, a foreign corporation, or a foreign trustee.[8]

Residential property includes land which is currently used, capable of being used, or intended to be used, solely or dominantly for residential purposes, or vacant (or substantially vacant) land zoned solely for residential purposes.[9] It also includes land on which a person intends to construct a residential property or carry out residential development.

A foreign person who acquires land intended to be used for a residential development can apply for a reassessment and refund of the foreign buyers surcharge if:

- the foreign person or their associate[10] intends to construct, refurbish or complete the construction or refurbishment of 10 or more dwellings and
- within five years of the transaction, they begin or complete construction or refurbishment of one of the 10 or more dwellings[11]

or

- they intend to subdivide, or complete subdividing, the land so that 10 or more dwellings can be constructed and
- within five years of the transaction, they begin or complete subdividing the parcel of land.[12]

Equivalent exemptions for foreign landholder duty entitle foreign acquirers to a reassessment of the surcharge on a relevant acquisition if the landholder, a linked entity or their associate intends to:

- construct, refurbish or complete the construction or refurbishment of 10 or more dwellings on land to which the landholder was entitled at the time of acquisition[13] or
- subdivide or complete the subdivision of land so that 10 or more dwellings can be constructed.[14]

The Bill introduced a new ‘build-to-sell’ exemption from foreign transfer duty for foreign buyers who add at least one more dwelling to the housing stock, and amended the existing construction, refurbishment and subdivision exemptions.

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8 Duties Act s 205A(1).

9 Duties Act s 205E(1).

10 Associate is defined in s 205B of the Duties Act as someone who is a family member, related person, or a partner in a partnership, with the other person. Additionally, in cases where a beneficiary of a trust other than a unit or discretionary trust is an associate under any of the three categories, then a trustee of the trust is also considered an associate.

11 Duties Act s 205ZA.

12 Duties Act s 205ZB.

13 Duties Act s 205ZO.

14 Duties Act s 205ZP.

New build-to-sell exemption

The new upfront exemption from foreign transfer duty applies to purchases of residential property by foreign persons who will add at least one dwelling to the housing supply by:

- constructing a new dwelling or dwellings on the land for sale or
- creating a new dwelling or dwellings on the land for sale by substantially refurbishing an existing building, or part of a building, that is not capable of being used solely or dominantly as a place of residence (for example, converting a warehouse into apartments).

A new dwelling is considered to be constructed or created for sale if it is offered to be sold to purchasers after it is constructed or refurbished. The foreign person must sell the newly constructed or created dwelling as a new dwelling that has not previously been used for any purpose (such as a display home or residence) within two years of acquiring the land.

Within the two-year timeframe, the foreign person must:

- construct and sell the new dwelling or dwellings
- dispose of all the land acquired under the exempt transaction, including any existing dwellings that remain after construction and
- inform the Commissioner if they do not meet their obligations.

The Commissioner has discretion to extend the timeframe for an additional year.

The exempted surcharge will be clawed back if the obligations under the provision are not met.

The exemption will not require a specified number of dwellings to be constructed on the land, but it does require that there is a net addition of at least one dwelling to the housing supply. This means the total number of dwellings after construction must be greater than the original number of dwellings.

The original number is defined as whichever is greater: the number of dwellings on the land when the duty liability arises on the transaction (such as when the contract is entered into) or the number of dwellings at the time the transaction is completed (such as when the land is transferred under the contract).

The new exemption will not apply to foreign landholder duty payable on relevant acquisitions in residential landholders because an increase in the housing supply is not directly achieved through an acquisition in a landholding entity.

Changes to the existing developer exemption – transfer duty and landholder duty

Under section 205ZA of the Duties Act, land acquired for residential developments by foreign persons is exempt from foreign transfer duty if the foreign person or their associate commences, or completes, the construction or refurbishment of 10 or more dwellings within five years of the completion date of the transaction.

Under section 205ZO of the Duties Act, a foreign landholder acquisition is exempt from foreign landholder duty where the landholder, a linked entity or associate of the landholder commences, or completes, construction or refurbishment of 10 or more dwellings on the land within five years of the acquisition.

Key amendments to this exemption:

- convert it to an upfront exemption to avoid constraining cash flow for developers with a surcharge payment that would ultimately be refunded and
- replace the requirement to commence construction or refurbishment within five years with the requirement to complete construction or refurbishment within five years.

This means a foreign dutiable transaction will be exempt if the foreign person or landholder will complete the construction or refurbishment of 10 or more dwellings on the parcel of land within five years of the transaction completion date or the acquisition.

This timeframe can be extended for a further year upon application if the Commissioner is satisfied there have been delays to the construction of the dwellings beyond the developer's control.

- The one-year extension may only be applied once per transaction or acquisition.
- The foreign person must apply for the extension before the end of the five-year period.
- The foreign person must notify the Commissioner within two months if they fail to meet the exemption criteria.

If the foreign person disposes of the exempted land or interest in the landholder before completion or fails to complete construction or refurbishment in the required timeframe, the exemption will be revoked and the surcharge will become payable.

Changes to existing subdivision exemption – foreign transfer duty and landholder duty

Under section 205ZB of the Duties Act, land acquired for residential developments by foreign persons is exempt from foreign transfer duty if the foreign person or their associate subdivides the land for the purposes of constructing 10 or more dwellings. The foreign person or their associate must commence or complete the subdivision of the land within five years of the completion date of the transaction.

Under section 205ZP of the Duties Act, a foreign landholder acquisition is exempt from foreign landholder duty where the landholder, a linked entity or associate of the landholder subdivides the land for the purposes of constructing 10 or more dwellings. The subdivision of the land must commence or be completed within five years of the acquisition.

Key amendments to this exemption:

- convert it to an upfront exemption for foreign persons who will complete subdividing the land for the purpose of constructing 10 or more dwellings
- remove the requirement to commence subdivision and
- reduce the timeframe for completing subdivision of the land to three years. This reflects that the subdivision process is typically less onerous and quicker to complete than construction and is consistent with the three-year payment timeframe that applies for an agreement for the purchase of land that is conditional on the seller completing a subdivision of the land.[15]

This timeframe can be extended for a further year upon application if the Commissioner is satisfied there have been delays to the subdivision of land beyond the developer's control.

- The one-year extension may only be applied once per transaction or acquisition.
- The foreign person must apply for the extension before the end of the three-year period.
- The foreign person must notify the Commissioner within two months if they fail to meet the exemption criteria.

15 Duties Act s 91.

If the foreign person disposes of the exempted land or interest in the landholder before completion (unless a connected entity exemption applied or would have otherwise applied to the landholder) or fails to complete subdivision in the required timeframe, the exemption will be revoked and the duty will become payable.

The amendments also allow the Commissioner to reassess any previously exempt surcharge in cases where the exemption criteria is subsequently not met, even if the five-year time limit in section 17 of the *Taxation Administration Act 2003* has passed.

FHOG Act amendments

The Bill amended the FHOG Act to support housing affordability for first home buyers by expanding eligibility for the grant in certain circumstances when building or buying a new home.

Valuation date

Increasing land values have resulted in applicants exceeding the FHOG cap amount where there is a delay between the land purchase and signing of a building contract. This is despite the original purchase price for the land and the consideration for the building contract being below the cap amount.

To address this issue, amendments allow the land to be valued at the date it is purchased – not the date of the building contract – if an applicant signs a building contract within 12 months of purchasing the land. Similar amendments are made for owner-builder transactions.

New homes

A regulation-making power was introduced that allows new houses acquired by the Housing Authority as part of its shared equity schemes to be prescribed as a “new home” for the purposes of the FHOG. This ensures a first home buyer purchasing an interest in the home under a shared equity scheme is not disqualified from the grant simply because the home was previously acquired by the Housing Authority.

The FHOG Act amendments commenced on the day after the Act received the Royal Assent.

Rates and Charges Act amendments

The Bill amended the Rates and Charges Act to:

- extend the concessions to severely impaired veterans of pension age who receive a new type of compensation, the Additional Disablement Amount (ADA), under the *Military Rehabilitation and Compensation Act 2004* (Cth) from 1 July 2026.
- extend the qualifying relationships for the concessions to include a child of a disabled person. This will allow a concession where a person owns a home that is occupied by their disabled parent.
- remove the requirement for the owner’s furniture to remain in the property when the owner is not residing there due to ill health or frailty. This will allow the concessions to continue if an owner moves into fulltime care, their property is not rented out, and their belongings are removed.

The Rates and Charges Act amendments commenced on the day after the Act received the Royal Assent. Transitional provisions will allow veterans who receive the ADA from 1 July 2026 to access concessions for prescribed charges that arose before the Act commences provided they register their entitlement with the local government authority or the Water Corporation within three months of the Act commencing. This ensures they are not disadvantaged by the timing of the changes.

The information provided in this circular is not an exhaustive explanation of the changes to the Duties Act or FHOG Act. For full details, please refer to the Bill and Explanatory Memorandum available on the Parliament website.

Published 18 June 2026
Updated and republished 23 October 2026