

NEWS ALERT 14.06.18

FOREIGN BUYERS BEWARE— *increased AFAD rate for Queensland*

The recently announced Queensland Budget 2018 has signalled an increase to the additional foreign acquirer duty (AFAD) from three percent to seven percent for transactions entered into from 1 July 2018.

**MARK LYONS**Partner
Real Estate+61 7 3239 2902
mark.lyons@mcmahonclarke.com**LUKE HEFFERAN**Lawyer
Real Estate+61 7 3239 2932
luke.hefferan@mcmahonclarke.com

WHAT IS AFAD?

AFAD is an additional duty, calculated on the dutiable value of a property, which applies in addition to the standard rate of transfer duty where—

- the buyer is a 'foreign person' (which includes individuals, corporations and trusts), and
- the transaction involves 'residential land' (which includes vacant land on which a home or residential development will be built).

Unique to the Queensland regime, AFAD is also reassessed on dutiable transactions where a (previously non-foreign) buyer becomes a foreign buyer within three years of the original liability date. Please **click here** for an article by lawyer Luke Hefferan detailing the reassessment process.

WHAT SHOULD YOU DO NEXT?

With the AFAD increase commencing very shortly, foreign buyers (or a buyer which may be deemed 'foreign' within three years due to a restructure) should consider the possibility of "fast tracking" relevant transactions so they are entered into before 1 July 2018 to avoid the increased AFAD burden.

Alternatively, affected buyers should factor in the additional AFAD costs when calculating the viability of any relevant transactions to be entered after 1 July 2018.

If you have any queries about the AFAD regime and how it affects your business transactions please contact a member of our Real Estate team.