

20 June 2017

Ms Rebecca Pezzutti  
President  
Fraser Coast Law Association

Our ref Adv-WD

Via email: [rpezzutti@bdblawyers.com.au](mailto:rpezzutti@bdblawyers.com.au)

Dear Ms Pezzutti

### Foreign Resident CGT changes from 1 July 2017

As you may be aware, changes to this regime have been passed and will take effect on 1 July 2017. Specifically, the *Taxation Administration Act 1953* (Cth) has been amended to modify the foreign resident capital gains withholding payments regime to:

- increase the withholding rate to 12.5%; and
- reduce the withholding threshold to \$750,000.

The existing threshold and rate will apply for any contracts that are entered into before 1 July 2017, even if they are not due to settle until after 1 July 2017.

To ensure that members are across these changes, QLS has arranged for the Australian Tax Office to present a webinar for QLS members, on Thursday 29 June 2017 from 12:30 to 1:30 pm. It is anticipated that the webinar will provide an overview of the framework in addition to explaining the effect of the changes after 1 July 2017.

Further information about the existing framework and changes is available on the ATO website at <https://www.ato.gov.au/general/capital-gains-tax/in-detail/calculating-a-capital-gain-or-loss/capital-gains-withholding--impacts-on-foreign-and-australian-residents/>.

I also note that the June 2016 edition of Proctor covered the issue in some detail.

The standard REIQ / QLS land sales contracts are being updated to take account of these changes and new versions will be released shortly.

It is important that all practitioners are aware of these changes and their implications, and I ask that you circulate this information to your members as soon as possible to ensure none are caught unawares in the new financial year.

Yours faithfully



Christine Smyth  
President