



**MERCANTILE
GROUP
PTY LTD**

PO Box 523 SANCTUARY COVE QLD 4212

TEL 1800 097 522 FAX 1300 887 913

WWW.MERCANTILEGROUP.COM.AU

ABN 61 120 774 263 Lic No 3222410

Overseas Buyers Information



Overseas Buyers

The Australian Government's foreign investment policy has been developed to encourage investment in Australia and ensure that such investment is consistent with the needs of the Australian community. The Government recognizes the important contribution offshore investment makes to the development of Australia's industry, resources and community.

Definition of Foreign Investment

A foreign interest is briefly described as:

1. A person not ordinarily resident in Australia
2. A corporation, business or trust in which a foreigner and any associates have 15% or more ownership or in which several foreigners have 40% or more aggregate of the ownership.

There are various forms of investment and proposals with regard to foreign investment in Australia real estate. These include:

1. Acquisition of developed commercial real estate valued at AUD\$5 million or more.
2. Acquisition of urban real estate - irrespective of size.
3. Acquisition of urban real estate - irrespective of size - unless exempt under regulations.

Development

Proposed acquisition of real estate development (within 12 months) is normally approved unless it is contrary to national interest.

Residential

Proposed acquisition of residential real estate is exempt from examination in the case of Australian citizens living abroad who are holders of permanent visas or entitled to hold a 'special category' visa.

Foreign interests are usually given approval to buy vacant residential land on condition that construction of a dwelling is to commence within 12 months. Approval will also usually be granted to buy home units and townhouses off the plan, under construction or newly constructed (but never occupied), on condition that no more than half of the units in any one development are sold to foreign interests.

Other situations where approval is normally granted includes:

1. Foreign companies buying residences in Australia for their senior executives
2. Foreign nationals temporarily resident in Australia for more than 12 months buying for their own use as a principal place of residence subject to the sale of the property when they cease to reside in Australia.
3. Foreign nationals purchasing residential real estate as joint tenant with an Australian spouse.

Vacant Land - House and Land Packages

Acquisitions of vacant land for development (including house and land packages where construction has not commenced) by foreign interests are normally approved subject to:

Continuous substantial construction commencing within 12 months

A minimum amount equivalent to 50 per cent of the acquisition cost or current market value of the land (whichever is higher) must be spent on development

Once construction is completed, parties notify the completion date and actual development expenditure.

Once these conditions have been fulfilled, properties acquired under this category may be rented out, sold to Australian interests or other eligible purchasers, or retained for the foreign investor's own use.

Commercial

Proposed acquisition of commercial development is normally approved unless it is contrary to the national interest. This is determined by the Government on a case by case basis.

Temporary Residence Visas

Second-Hand Real Estate

Acquisitions of residential real estate that has been previously owned or occupied, that is second-hand houses, flats or units, are not normally approved except for the following two categories:

1. Foreign nationals temporarily resident in Australia, holding a current temporary resident visa which permits continuous residence in Australia for a further period of more than 12 months from the time of application. The dwelling must be used as their principal place of residence and not for rental purposes, and must be sold immediately when their visa expires, they no longer reside in the property or when they cease to reside in Australia.

Persons who hold visitor or bridging visas are not eligible for approval under this category.

This category includes students 18 years of age and over studying courses of more than twelve months duration at recognized tertiary institutions.

A general limit of \$300,000 applies to the value of properties acquired by these students.

2. Foreign companies with a substantial Australian business, buying for named senior executives continuously resident in Australia for periods longer than 12 months, provided the dwelling is sold when no longer required for this purpose. Whether a company is eligible, and the number of properties it may acquire under this category, will depend upon the scope of the foreign company's operations and assets in Australia.

Unless there are special circumstances, foreign companies normally will not be permitted to buy more than two dwellings under this category.

Foreign companies would not be eligible under this category where the property would represent a significant proportion of its Australian assets.

How to Apply

Most applications for approval to purchase Residential Real Estate by individuals can be made by downloading an R3 Form and a Section 26A Notice. These should be filled out and returned with all relevant documents attached by fax or post.

For applications by companies and trusts purchasing Residential Real Estate or Vacant Land, the C1 form should be completed and returned with relevant documents. For any applications that fall outside the scope of the R3 Form or C1 form, please refer to the Urban Land Policy Guidelines.

For applications by individuals and companies for Advanced off the Plan Approval for Developers, please download the D2 Form, fill out and attach all relevant documents and return by fax or post.

Alternatively, you may be able to use the online application form to submit your application.

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