



Foreign Investment changes and the effects on Developers

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FOREIGN INVESTMENT REVIEW BOARD (“FIRB”) CHANGES EFFECTIVE 1 DECEMBER 2015

Foreign persons are required to apply for FIRB Approval prior to purchasing residential real estate in Australia. Currently, there are no fees payable to FIRB by a buyer for the making of this application.

Beginning **1 December 2015**, foreign persons will be required to pay an application fee of \$5,000.00 for an individual approval to purchase residential real estate.

A complete outline of the changes can be found on the FIRB website using the following link
www.firb.gov.au/content/strengthening_FIF.asp

OFF-THE-PLAN DEVELOPMENTS AND APPROVALS

Developers can apply for advanced off-the-plan approval (known in the industry as a “Blanket approval”) to sell new apartments in developments of 100 or more lots. This saves foreign buyers of lots in a development having to individually apply for FIRB approval to purchase a proposed lot. Currently, no fees are payable when applying for a Blanket approval which offers significant benefit to Developers.

From **1 December 2015**, Developers will be required to pay an application fee of \$25,000.00 when applying for a Blanket approval. In addition to this fee, every 6 months Developers will

be required to disclose sales information to FIRB and pay additional “maintenance fees”. A breakdown of the maintenance fees is below.

Property Value	FIRB fee payable per Lot being sold to a foreign buyer
A Lot less than \$1,000,000.00	\$5,000.00
A Lot over \$1,000,000.00*	\$10,000.00*

* \$10,000.00 fee increases incrementally by \$10,000.00 per additional \$1,000,000.00 in property value. For example, for a property valued at \$2,400,000.00 the FIRB fee payable is \$20,000.00.

Applications for Blanket approvals submitted but not approved before **1 December 2015** will not be subject to the application fees.

FIRB has also communicated verbally that the Developers who have applied before **1 December 2015** for a Blanket Approval will not be required to pay the additional maintenance fees of the Blanket approval in respect of each sale to foreign buyers.

WHAT DEVELOPERS NEED TO CONSIDER

Developers with existing or pending large scale developments of 100 or more lots should consider the advantages offered by the existing FIRB framework for Blanket approvals given the various cost and market impacts imposed by the changes to FIRB from **1 December 2015**.

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