

A Non-Resident's Guide To Buying Australian Property



Whether you're a foreign investor seeking to diversify your portfolio or a temporary resident looking to establish roots, the Australian property market offers many possibilities. With its stable economy, beautiful landscapes and diverse cities, Australia is an attractive destination for real-estate investment.

In this guide, we'll explore the ins and outs of purchasing property in Australia, providing you with essential information to navigate the process with confidence and ease.

This guide is for:



Foreign buyers (not an Australian resident)



Temporary residents of Australia

The guide is divided into **three sections:**



1

Assembling the right people on your team



2

Understanding FIRB



3

How To Buy Australian Property As A Non-Resident



Assembling The Right People

Before you search for the perfect property in Australia, you must assemble a reliable team of professionals who can guide you through the process.

Navigating the intricacies of property purchase in a foreign country, especially if it's your first time or you haven't previously resided there, can be daunting. Therefore, having the right experts by your side from the outset is crucial to ensure a smooth experience.

Here are the key professionals and experts you should have by your side:



Solicitor/Conveyancer

Responsible for handling the legal aspects of your property acquisition, including drafting sale contracts, facilitating ownership transfer, and safeguarding your interests during negotiations.



Accountant

Taxation matters can become complex, particularly if your home country lacks a tax agreement with Australia. An accountant specialising in cross-border transactions can provide invaluable assistance by clarifying your tax obligations (such as capital gains tax, land tax, and stamp duties) and structuring your purchase in a tax-efficient manner.



Buyer's Agent (especially if you're not physically present)

Unlike real-estate agents, who represent sellers, a reputable buyer's agent acts solely in your best interests. With their in-depth knowledge of the local market, they can assist you in locating the right property and negotiating a fair price, ensuring that your interests are prioritised, even in your absence.

Assembling The Right People



Building Inspector

When you cannot personally inspect the property, engaging a building inspector to conduct a comprehensive assessment and provide a detailed building and pest report is advisable to uncover any potential issues or concerns.



Mortgage Broker

Finding the most suitable home loan tailored to your circumstances can be challenging. A skilled mortgage broker can alleviate this burden by researching and presenting you with the most competitive options available in the Australian market. Additionally, they can handle the necessary paperwork and facilitate financial checks and income verifications to streamline the home loan approval process.

At Home Loan Experts, we are mortgage experts in [non-resident](#) and [temporary resident mortgages](#). We will thoroughly guide you through the complexities to increase your chances of mortgage approval.



Call us on **+61 2 9194 1700 (1300 889 743** if you're in Australia)
or complete our

[Free Online Enquiry Form Today!](#)



Understanding FIRB

The Foreign Investment Review Board (FIRB) is a government body in Australia that manages foreign investment and property purchases. Foreign residents or temporary residents who want to buy Australian property require FIRB approval.

The FIRB has a set of rules that allow foreigners or temporary residents to purchase certain types of property, specifically new dwellings and vacant land with the intention to build.

FIRB approval requires an application fee, which will ultimately depend on the cost of the particular property.

Is FIRB Approval Necessary?

Yes, it is.

Breaching FIRB obligations can result in civil and criminal consequences. Civil penalties can involve fines, while criminal penalties could potentially include imprisonment.

Additionally, failure to meet FIRB requirements can lead to the cancellation of contracts, and in some cases, the return of deposits or forfeiture of them.

It is essential to seek legal advice before entering into agreements that may require FIRB approval to understand the full extent of the risks associated with failing to secure necessary permissions.

Who Needs FIRB Approval Before Buying An Australian Property?

Problem	FIRB Applies	Type of Property
Temporary Resident	Yes	<ul style="list-style-type: none"> One established dwelling used as a residence (must sell when no longer living there). New dwelling either to live in or invest.
Foreign investors	Yes	<ul style="list-style-type: none"> New property or vacant land to build on for investment purposes (cannot purchase established homes for investment except to redevelop the property in certain ways, but can buy brand-new homes to rent to their child who is on a temporary visa)
Australian Citizen, Australian Expat, Australian Permanent Resident	No	<ul style="list-style-type: none"> New residential property, existing property, or vacant land for construction to live in or for investment purposes.
New Zealand Citizen	No	<ul style="list-style-type: none"> New property, existing property, or vacant land for construction to live in or for investment purposes. Subject to potential foreigner stamp-duty charge if not residing in Australia at the time of contract exchange or settlement
Temporary Resident buying with Australian Citizen Spouse	No	<ul style="list-style-type: none"> Buying a new property, established property or vacant land for construction, to live in or for investment, as joint tenants and married. Exemption is not available when buying as tenants in common.
Foreign residents buying with Australian Citizen or Australian Permanent Resident	No	<ul style="list-style-type: none"> Buying a property as married joint tenants. Exemption is not available when buying as tenants in common. Exemption does not apply to investment properties

(Source: [FIRB Guidance Note 2](#), as of February 2024)

How much are FIRB fees?

FIRB fees start at \$15,100 if you buy properties of \$1 million or less. The fee tier increases every \$1 million of consideration.

A lower fee will apply, however, if the value of the property or land is less than \$75,000.

The Albanese Government announced an adjustment regarding foreign investment to Australia. These adjustments include:

- Higher fees for purchasing established properties
- Increased penalties for those who leave properties vacant
- Cutting application fees for foreign investment in Build-to-Rent projects.

You can visit the [FIRB website](#) to get up-to-date information on FIRB fees.





How To Buy Australian Property As A Non-Resident

With the team of experts by your side, it's now time to find the right property.

1. Organise Your Finances

Before diving into the property market, organising your finances to streamline the buying process and avoid potential setbacks is essential. This is when you start working with a [trusted mortgage broker](#).

Securing [pre-approval](#) gives you a clear understanding of your budget and how much you can afford, preventing delays later. It's easier for expats and temporary residents to get pre-approved.

Foreign buyers may encounter challenges with pre-approval from major lenders, due to cross-border complexities and fluctuating exchange rates, which make lenders cautious.

To get pre-approved, you need to show evidence of the deposit you've saved and proof of income through documents like pay slips, tax returns, and bank statements. Lenders will assess your credit history for any past defaults on loans.

Factor in additional [costs associated with property purchase](#), including administrative fees such as property inspection fees, FIRB approval fees, and foreign citizen stamp duty. Being financially prepared for these expenses is crucial for a smooth transaction.

Foreigners buying and selling property in Australia are subject to various taxes, including stamp duty, land tax, and capital gains tax. The exact amount and type of tax can vary depending on the state or territory where the property is located.

Some of the key tax implications for non-residents buying property in Australia include:

- **Stamp Duty:** Homebuyers must pay stamp duty when purchasing a property, typically 4%-5% of the property price. Foreign nationals must pay a stamp-duty surcharge of 7%-8%. Exceptions to the foreign buyer's stamp duty include property purchases in the Northern Territory and the ACT.
- **Land Tax:** Land tax is based on the value of the land, with a tax-free threshold in most states. Foreign nationals must pay a land-tax surcharge, which varies by state.
- **Income Tax:** Non-residents are taxed on the rental income they receive from properties they own in Australia. Non-residents pay taxes on their [taxable income derived from Australia's sources](#).
- **Capital Gains Tax (CGT):** Non-residents are **not eligible** for the main residence exemption and must pay [capital gains tax on any Australian properties they sell](#).

Non-residents must consult with an Australian tax specialist to understand the full scope of potential tax liabilities and any exemptions or deductions for which they may be eligible.



2. Find The Right Property

It's important to adopt a long-term perspective when selecting a property. The values of Australian properties tend to appreciate over time, allowing you to build equity or benefit from potential capital gains when it's time to sell.

Consider factors like proximity to amenities, transport, schools and job opportunities when choosing a location. This is when you engage the services of a buyer's agent, who can even help you negotiate a lower price than what's listed.

Foreigners and temporary residents can purchase the following types of property in Australia, subject to FIRB approval:



New dwellings
(properties that have never been lived in)



Off-the-plan
properties
(properties that have not yet been built)



Vacant land for
development
purposes

Exceptions to these rules include:

Temporary residents can purchase established dwellings to live in, but they must sell the property upon leaving Australia.

Foreign investors can purchase established dwellings if they intend to redevelop the property, increase the number of dwellings, and meet other specific conditions.

Foreign investors can purchase commercial properties without needing FIRB approval, though they still must comply with other relevant laws and regulations.

3. Get Formal Approval

Once you find the right property, it's time to get formal approval. This is where your solicitor/conveyancer will help.

Take the time to carefully review the contract of sale before signing. Seek clarification on any terms or conditions that may be unclear, and consider adding supplementary clauses to the agreement if required.

Be mindful of any cooling-off period applicable in the state where the property is located. This period allows you to withdraw from the contract without significant penalties, though the specifics vary among states.

State/Territory	Cooling-off period
New South Wales (NSW)	5 business days
Victoria	3 business days
Queensland	5 business days
Western Australia	No mandatory cooling-off period, but it can be added to the contract.
Tasmania	No cooling-off period
South Australia	2 business days
Northern Territory	4 business days

(The information in the table is from state/territory website and holds true as at February 2024)

Complete and submit all the required documents to your lender to obtain formal approval for your mortgage. This typically includes proof of income, identification documents, and property information.

Coordinate with your lender to arrange for a property valuation as part of the formal approval process. This valuation helps determine the property's worth and the corresponding loan amount.

4. Get FIRB Approval

The Foreign Investment Review Board (FIRB) typically makes decisions on property purchase applications within [about 30 days](#).

Processing times can vary, however, depending on the complexity of the application and other factors

The approval must be obtained before a contract is signed for the property. The application for FIRB approval should be made at the initial stages of the property purchase process to ensure compliance with the regulations.

It is important to obtain FIRB approval before committing to the purchase, to avoid potential legal and financial consequences.

5. Prepare For Settlement

Before settlement, conduct a [final inspection](#) of the property to ensure that it's in the same condition as when you agreed to purchase it. This is when you take the help of a building inspector.

The final inspection, typically conducted a few days before settlement, is crucial for buyers to confirm that the property aligns with the conditions outlined in the sale contract.

Identifying any issues during this inspection is vital, as it helps prevent additional costs or delays in resolving potential problems. Should issues arise, buyers can collaborate with relevant parties to address them and negotiate solutions if necessary.

Make sure your lender is ready to transfer the funds on settlement day.

6. Settlement Day

Stamp duty is due at [settlement](#), which occurs when the property ownership legally transfers. If a mortgage is used, the lender or conveyancer might pay the stamp duty on behalf of the buyer out of the loan amount at settlement.

The stamp-duty surcharge rate for foreign buyers in Australia varies by state or territory. In [New South Wales](#) and [Victoria](#), the surcharge rate is 8%, while in other states, it is 7%.

The surcharge is an additional tax imposed on top of the standard stamp duty for foreigners purchasing residential property in Australia.

On the day of settlement, the contract of sale is exchanged. Your solicitor or conveyancer will register your name on the title of the property and will ensure your lender transfers the funds to the seller.

For temporary residents, you get the keys to your home, and you can move into it.

For foreign buyers, you must take the extra step to either look for a tenant (if you're renting it out) or maintain the property until you can sell it.

Property managers can help you:

- Find tenants for your property, including advertising the property, screening potential tenants and handling leasing agreements.
- Oversee the maintenance, repairs and inspections of your property.
- Ensure compliance with local laws and regulations like building codes, safety regulations and tenancy laws.
- Maximise your return by setting appropriate rental rates and minimising vacancies.
- Handle administrative tasks such as collecting rent, paying bills and filing taxes.



Top Expert Tips To Improve Your Chances Of Getting Approved

- ✓ Your pre-approval is only valid for 90 days. Act swiftly within this window, as delaying could either price you out of the market or reduce your borrowing capacity.
- ✓ Have a good Australian solicitor or conveyancer to guide you through the purchase process and explain the duty costs.
- ✓ You will require a larger deposit, of 30% to 40% of the property value, to account for the additional costs associated with buying property, like foreign stamp duty and FIRB.
- ✓ Integration with internet banking allows you to manage your finances seamlessly, making payments, transfers and other transactions easily, regardless of location.

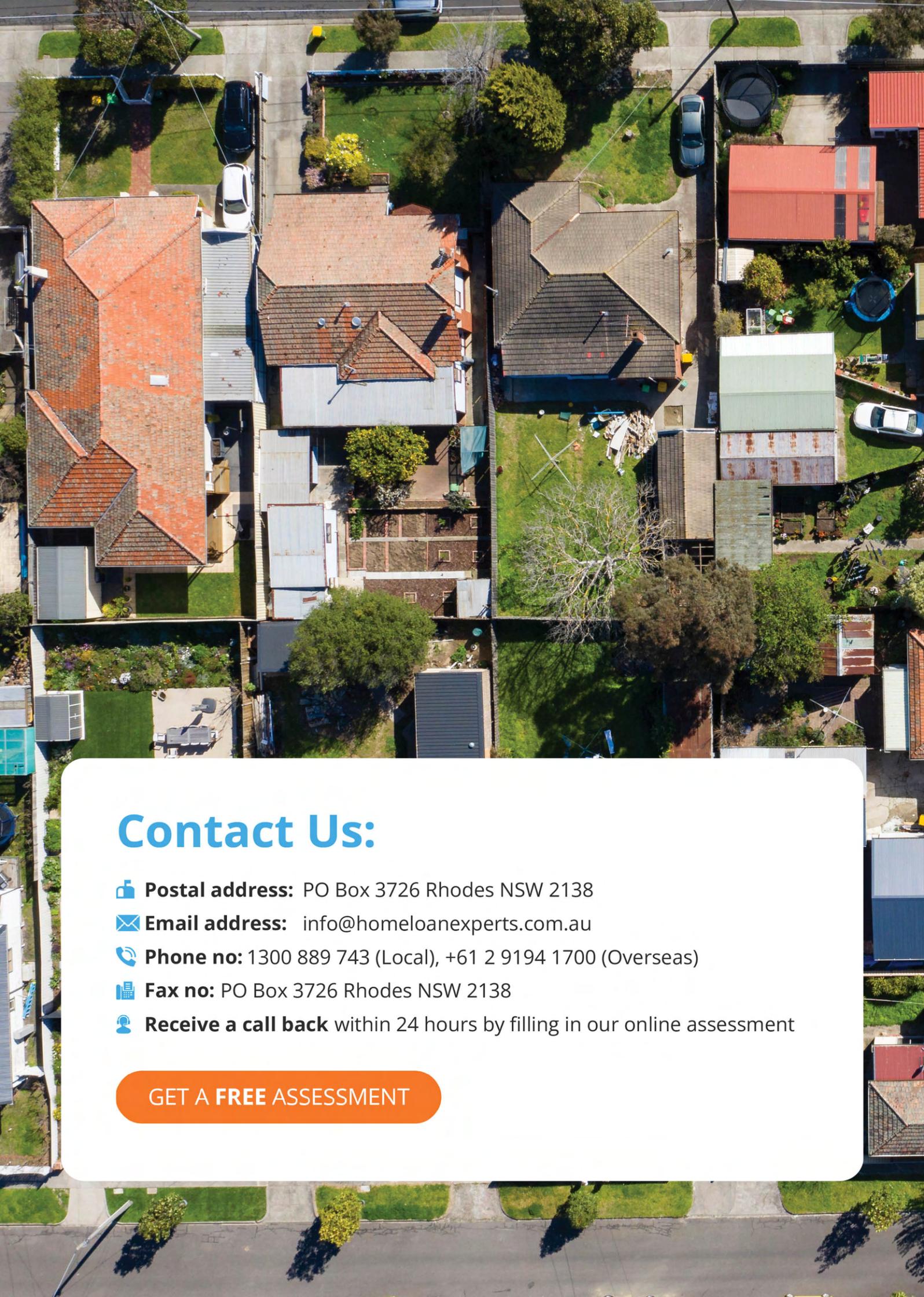
Our Experts Are At Your Service!

Your Australian property journey starts with Home Loan Experts. We care about helping non-residents purchase property. Let us guide you through the complexities of obtaining mortgage approval, ensuring a seamless transition into Australian property ownership.



Call us on **+61 2 9194 1700** (**1300 889 743** if you're in Australia) or

[Enquire Online Today](#)



Contact Us:

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 **Receive a call back** within 24 hours by filling in our online assessment

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