

Federal Budget 2018-19 Fast Facts



Property

Recent State and Federal Government activity in respect of property transactions has had significant impact on the property industry.

However, this year's Federal Budget includes few measures that will directly impact our clients in the property and construction industry.

Most important take outs

- One announcement that will directly affect those in the property and construction industry is the denial of deductions for vacant land.
- Favourable economic conditions have seen the Government announce funding for significant regional and urban development, including road and rail projects in all states.
- The government announced changes to non property-specific tax changes, including changes to marginal tax rates, restrictions on 'bracket creep' and changes to the Division 7A rules.

Main impacts to your business

- The denial of deductions for owners of vacant land aims to prevent expenses from being 'improperly' claimed. This will include certain holding costs, interest expenses and also reduce the perceived tax incentives for land banking.

Deductions will not be denied where the land owner uses the land in carrying on a business, or where a building has been erected and is available for rent.

- Refer to our Financial Services Fast Facts for issues impacting property funds.

Maximising your opportunity

- The Federal and State Governments continue to promote regional areas through infrastructure packages and improvements. Property markets in affected regional hubs should stand to benefit directly and indirectly.
- Similarly urban planning initiatives are being supported by the Federal Government that may lead to opportunities for developers and could positively impact property values.
- Property developers may consider broadening their horizons into regional markets, identified infrastructure corridors and logistics hubs to support the innovation and e-commerce economy.
- Development opportunities will be prevalent in and around transport hubs and distribution centres where a diversity of opportunities including residential, commercial, industrial and possibly retail, which can piggy back on the substantial government investments.
- Opportunities to leverage regional government grants helping to derisk projects.

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