



This fact sheet is a brief summary of the foreign resident capital gains withholding tax regime and should not be relied upon without further advice

What is foreign resident capital gains withholding tax?

The foreign resident capital gains withholding tax regime (regime) imposes a withholding tax on foreign owners of property. For certain transactions (including the sale of property over \$750,000) the Federal Government requires the purchaser to withhold 12.5 per cent of the purchase price and provide this amount to the Australian Taxation Office.

The regime can apply to different types of acquisitions undertaken by Roads and Maritime, including:

- negotiated sales with an agreed sale price
- compulsory acquisition

Roads and Maritime must withhold 12.5 per cent of the purchase price if your property has a market value of \$750,000 or more, unless Roads and Maritime has a 'foreign resident capital gains withholding clearance certificate' (clearance certificate).

Will the withholding tax impact you?

Yes the regime applies to all property transactions with a market value of \$750,000 or more. This is the case even if you are not a foreign resident for tax purposes.

To avoid withholding the tax, you must provide Roads and Maritime with a clearance certificate 28 days before settlement or publication of the acquisition notice.

What you need to do

You should provide Roads and Maritime with a clearance certificate if you:

- are not a foreign resident for tax purposes;
- have been advised by Roads and Maritime or believe that the market value of your property is close to or above \$750,000; and
- wish to avoid having the tax withheld.

A clearance certificate is usually valid for 12 months.

The person undertaking the conveyance of your acquisition can [apply online for a clearance certificate from the Australian Taxation Office](#). You should apply for a clearance certificate as soon as possible.

The Australian Taxation Office can take up to 28 days to issue you with a clearance certificate. Once received, you should provide the clearance certificate to Roads and Maritime at least 28 days before settlement or publication of the acquisition notice.

Important

Each owner named on the property's certificate of title must provide Roads and Maritime with a separate clearance certificate. Roads and Maritime will withhold the full 12.5 per cent of the purchase price if any co-owner fails to provide a certificate.

Find out more

There are a number of limited exceptions to the regime, [have a read of the on the Australian Taxation Office's website to find out more](#) about capital gains withholding, how it works and other exceptions that can apply.