



GST and newly built homes

If you have built a new residential home and want to sell it or rent it out, there are some key things to keep in mind when supplying new residential homes.

[Change in creditable purpose \(/Business/GST/In-detail/Your-industry/Property/GST-and-property/?anchor=Changeinuseofyourproperty&anchor=Changeinuseofyourproperty#Changeinuseofyourproperty\)](/Business/GST/In-detail/Your-industry/Property/GST-and-property/?anchor=Changeinuseofyourproperty&anchor=Changeinuseofyourproperty#Changeinuseofyourproperty). – When there is a change in how the property is used it may result in a change in 'creditable purpose' and can alter what GST credits you can and can't claim.

- Events can include:
 - moving into new residential property and occupying it privately, while trying to
 - sell it
 - building to sell, but then deciding to rent it out while finding a buyer.
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Keep your records to help to determine if you need to make an adjustment to GST credits you've already claimed.

[GST at settlement \(/business/gst/in-detail/your-industry/property/gst-at-settlement/\)](/business/gst/in-detail/your-industry/property/gst-at-settlement/). – New residential homes, land and potential residential land may be subject to the 'GST at settlement' withholding measure.

- If so, when settlement occurs, the purchaser pays:
 - the withheld amount of GST direct to us, and
 - the balance of the sale price of the property, minus the withholding amount to
 - the supplier.
- Once payment has been received, we match up the supplier's ABN when they lodge their BAS and the GST credit is applied to the supplier's account.

- If suppliers don't lodge their activity statements and include the property sale, the credit can't be transferred to them. Our [process video \(/business/gst/in-detail/your-industry/property/gst-at-settlement/?page=5\)](/business/gst/in-detail/your-industry/property/gst-at-settlement/?page=5), shows how this works.

The [margin scheme \(/Business/GST/In-detail/Your-industry/Property/GST-and-the-margin-scheme/\)](/Business/GST/In-detail/Your-industry/Property/GST-and-the-margin-scheme/), – Is a way of working out the GST payable when selling property as part of your business.

Generally, the GST is based on the difference between:

- the price that you paid for the property when you first purchased it, and
- the subsequent sale price of the property.

The margin scheme can only be applied if:

- the sale of the property is taxable
- you are eligible to use it
- you have a written agreement with the purchaser before the settlement date to sell the property using the margin scheme.

Our [GST property tool \(/Calculators-and-tools/GST-property-decision-tool/\)](/Calculators-and-tools/GST-property-decision-tool/), can help you check eligibility and calculating the margin.

[Build-to-rent \(/Business/GST/In-detail/Your-industry/Property/GST-and-residential-property/?](/Business/GST/In-detail/Your-industry/Property/GST-and-residential-property/?anchor=Buildtorentpropertydevelopments&anchor=Buildtorentpropertydevelopments#Buildtorentpropertydevelopments)

[anchor=Buildtorentpropertydevelopments&anchor=Buildtorentpropertydevelopments#Buildtorentpropertydevelopments\)](/Business/GST/In-detail/Your-industry/Property/GST-and-residential-property/?anchor=Buildtorentpropertydevelopments&anchor=Buildtorentpropertydevelopments#Buildtorentpropertydevelopments), – This refers to residential developments built with the intent to rent out long term once complete. Build-to-rent residential accommodation is input taxed, which means:

- you can't claim GST credits on construction and other costs relating to leasing a residential home
- GST doesn't apply to rent you receive.

See also:

- [Property and registering for GST \(/Business/GST/In-detail/Your-industry/Property/GST-and-property/?page=2#Property_and_registering_for_GST\)](/Business/GST/In-detail/Your-industry/Property/GST-and-property/?page=2#Property_and_registering_for_GST).

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