

We'll never be able to afford a home of our own, and I can't stand living with her parents any longer!

I'm starting to think that the kids will never move out!



we have a
PRIME TIP
for you

PRIME TIP NO 111.

OWN YOUR FIRST HOME FASTER

For many in our community, owning your own home is becoming the impossible dream. But if you're clever, you can maximise the assistance you receive, and get the tax man (and others) to help you achieve your dream. Here's how you do it:

- 1 Buy an investment property that you will be happy to live in** – at least for 6 months.
- 2 Research your market** – Inspect as many houses as you can in your preferred area.
- 3 Obtain finance pre-approval** – When your savings are getting close to an adequate deposit. Then you know exactly how much you can afford.
- 4 Educate yourself** on the current deposit-boost and stamp-duty incentives for first home buyers. These change from time to time, and they can provide a significant boost to your home acquisition plan.
- 5 Buy your home, and move in** as soon as practical after acquisition. Make sure you **don't** receive rent or any other income from the property. Live in the house for 6 months and gather evidence (electricity and phone bills in your name at that address) to prove that you did. Being able to prove that you lived in the house will satisfy the First Home Buyers' requirements, and will be very important when you ultimately sell the property.
- 6 After 6 months, move out** and rent the property out. You will then have the tenant helping you to cover the mortgage.
- 7 Claim the loss in your tax returns** – If the interest on your mortgage plus the normal costs of owning the property are greater than the rent you receive, you will be entitled to a tax deduction. You will therefore be receiving additional assistance from the Tax Office to fund the acquisition of your home.

- 8 **Organise a Quantity Surveyors report** – If the house was constructed after 1985, you will also be entitled to claim depreciation of the building, and increase your tax refund. A professional report from a registered Quantity Surveyor is required to back up your claim.
- 9 **Move back in** when you can comfortably afford to make the mortgage payments without the assistance of the tenant and the tax office. Provided you move back in within 6 years of first renting it out, and provided you haven't owned another home in that period, you will be exempt from Capital Gains Tax when you sell! The trick is to live in it first, to activate the “principal residence exemption”
- 10 **Alternatively, sell the property within 6 years** and use the proceeds towards the purchase or another home for yourself. Because it was originally your home and you sold it within the 6 year period, there will be no Capital Gains Tax on the sale, regardless of how much money you made on it.
- 11 **Need help?**
Prime Partners can help with organising your finance, completing the application for first home owners grant and exemption for stamp duty, organising the quantity surveyors report, and preparing your tax return.

Call us on 9879 7005

