MEDIA RELEASE **4 March 2026**

Management of the Home Buyer Concession Scheme

ACT Auditor-General, Mr Ajay Sharma PSM, today presented a report on the **Management of the Home Buyer Concession Scheme** to the Speaker for tabling in the ACT Legislative Assembly.

The Home Buyer Concession Scheme provides concessions (discounts) on conveyance duty for first home buyers in the ACT. Home buyers must self-assess their eligibility for a concession. If they are found to be ineligible for a concession they have claimed, home buyers must pay the unpaid conveyance duty and may also be charged interest and penalty tax.

The audit found that the scheme has complex eligibility requirements, which were not effectively communicated and explained to home buyers by the ACT Revenue Office.

The audit also found that, in managing home buyers' debts, the ACT Revenue Office did not adequately consider or respond to the needs of home buyers who may be more vulnerable or may be experiencing financial hardship.

The report makes eight recommendations for actions to be taken by the ACT Revenue Office.

The summary of **Report 2/2026 Management of the Home Buyer Concession Scheme**, with audit conclusions and key findings, is attached to this media release.

Summary

The Home Buyer Concession Scheme provides concessions (discounts) on conveyance duty for people buying a land site or home in the ACT.

The ACT Revenue Office manages and administers the Home Buyer Concession Scheme and is responsible for:

- communicating and explaining the scheme to home buyers;
- applying concessions to assessments of conveyance duty payable on purchased homes;
- identifying when home buyers are not eligible for a conveyance duty concession that has been claimed through the scheme; and
- recovering unpaid conveyance duties.

The objective of the audit was to assess the effectiveness of the ACT Revenue Office's management and administration of the Home Buyer Concession Scheme.

Conclusions

Eligibility requirements

Home buyers must meet multiple requirements to be eligible for the Home Buyer Concession Scheme. Details of the eligibility requirements have changed several times since the scheme was introduced, including how the requirements must be applied, available exemptions and the documents that must be kept as evidence of eligibility. The complexity of the requirements, and the changes made during the course of the scheme, mean there is a risk that home buyers may not understand the requirements applicable at the time they buy their new home or may not keep the documents needed as evidence of their eligibility.

Communicating and explaining the scheme

Home buyers must self-assess their eligibility for the Home Buyer Concession Scheme. Generally, the ACT Revenue Office does not review any information about home buyers or their property purchase or otherwise examine their eligibility at the time they claim the conveyance duty concession.

To accurately self-assess their eligibility, understand their responsibilities and understand the consequences of non-compliance, home buyers need accessible information about the scheme. The ACT Revenue Office did not meet the needs of all home buyers because it did not effectively communicate and explain:

- the scheme's eligibility requirements;
- home buyers' responsibilities to self-assess their eligibility and keep specified documents as evidence of their eligibility;
- the compliance activities the ACT Revenue Office will undertake to verify home buyers' eligibility after a concession has been claimed; or
- the penalties that can be applied for non-compliance with the eligibility requirements.

Conducting investigations

The ACT Revenue Office matches data from multiple sources to identify home buyers who may be non-compliant with the Home Buyer Concession Scheme eligibility requirements. The ACT Revenue Office conducts an internal review, and if required, a compliance investigation to verify any potential non-compliance that is identified through data-matching.

Prior to April 2025, the ACT Revenue Office's compliance investigation process was based on an investigation letter sent to home buyers. This letter was complex and did not use plain language. From April 2025, the ACT Revenue Office began implementing new investigation processes. Investigations now begin with a letter requesting information from home buyers and only proceed to an investigation if necessary (e.g. if home buyers do not respond to the initial request). The ACT Revenue Office has also introduced a requirement for investigators to contact home buyers by phone. However, correspondence with home buyers is still complex and does not use plain language.

Charging interest and penalty tax

When determining rates of interest and penalty to be charged on unpaid conveyance duty, ACT Revenue Office investigators must have regard to the guidance provided by the *Taxation Administration Act 1999*, applicable revenue circulars and the Office's internal procedural guidance.

Prior to April 2025, the ACT Revenue Office had adopted a compliance investigation approach that directed investigators to impose the default rates of interest and penalty tax prescribed by the *Taxation Administration Act 1999* in the event of a tax default. This meant that the ACT Revenue Office imposed the full rate of interest and 25 percent penalty tax on unpaid conveyance duty when home buyers were non-compliant with the Home Buyer Concession Scheme eligibility requirements.

From April 2025, the ACT Revenue Office has changed approach in relation to home buyers who tell the ACT Revenue Office about their non-compliance with the Home Buyer Concession Scheme eligibility requirements. This means that some home buyers who would previously have been charged the full rate of interest and 25 percent penalty tax on their unpaid conveyance duty are now being charged lower rates of interest and five percent penalty tax.

Managing debts and objections

The ACT Revenue Office has not adopted the principles of better practice debt management outlined in the ACT Government's *Debtor Management Policy* and has not effectively managed debts arising from home buyers' non-compliance with the Home Buyer Concession Scheme eligibility requirements.

In particular, the ACT Revenue Office has not adequately considered or responded to the needs of home buyers who may be more vulnerable or may be experiencing financial hardship, including by not providing:

- a means for home buyers to apply for consideration of financial hardship and a procedure for such applications to be consistently assessed;
- a requirement for appropriate referrals to financial counselling services; or
- sufficiently flexible payment terms.

The ACT Revenue Office has received several hundred objections to *Notices of Reassessment* issued because of home buyers' non-compliance with the Home Buyer Concession Scheme eligibility requirements. The ACT Revenue Office has endeavoured to respond to these objections in a timely manner. However, the time taken for home buyers to receive a decision about their objection can be more than six months.

Key findings

Eligibility requirements

Paragraph

Eligibility

Eligibility requirements for the Home Buyer Concession Scheme (HBCS) are established by a disallowable instrument made under the *Taxation Administration Act 1999.* Additional information about the requirements, and about the documents home buyers must keep as evidence of their eligibility, is provided separately to the disallowable instrument. Additional information about the requirement to live in the purchased home is provided in revenue circular *GEN011.2 Principal Place of Residence*. Information about the documents home buyers must keep as evidence of their eligibility is provided on the ACT Revenue Office website. 2.29

To be eligible for the HBCS, home buyers and their domestic partners must: 2.30

- be at least 18 years-old;

- acquire a legal and equitable interest in the purchased home;
- not have owned property during the prior five years;
- meet the income requirement in the financial year prior to purchasing the home; and
- live in the purchased home as their principal place of residence for a specified period.

Exemptions to eligibility requirements

Exemptions from some of the HBCS eligibility requirements are available for home buyers who have experienced family separation or family violence. Home buyers are allowed prior property ownership if they were required to relinquish this ownership by an order or agreement made by a court, or if they or their child have experienced family violence during the applicable period. Home buyers are also allowed to exclude property owned solely by a former domestic partner, or income earned by that partner, if they have permanently separated, or if they or their child have experienced family violence from that partner. The requirement for home buyers to live in the purchased home as their principal place of residence may also be varied if home buyers experience unforeseen circumstances that prevent them living in the home for the required time. 2.49

Changes to eligibility requirements

Since 1 July 2019, nine different versions of the disallowable instrument that establishes the HBCS eligibility requirements have been issued. Four versions have introduced changes to the HBCS eligibility requirements. Four changes have been made to the prior home ownership requirement, six changes have been made to the income requirement and one change has been made to the requirement to live in the purchased home. Significant changes include increasing the period in which prior property ownership is not allowed from two to five years, increasing the allowable income threshold, changing the way income is required to be calculated, and introducing new exemptions from requirements for home buyers who have experienced family violence or have permanently separated from a former domestic partner. 2.68

Communicating and explaining the scheme

Claiming a conveyance duty concession

Home buyers wanting to claim a conveyance duty concession through the HBCS must self-assess their eligibility and then claim the concession. Most home buyers (approximately 94 percent) do so by recording a concession code in their *Buyer Verification Declaration* at the time of purchasing a home. In submitting a *Buyer Verification Declaration*, home buyers are declaring that the information they are providing is correct and complete and that they understand that giving false or misleading information is a serious criminal offence. Other than for a small number of home buyers who have requested exemptions from eligibility requirements, the 3.9

ACT Revenue Office does not check whether home buyers meet the requirements when they record an HBCS concession code in their *Buyer Verification Declaration*.

If home buyers have not claimed a conveyance duty concession through the HBCS at the time of purchasing a home, they can apply for a concession within one year of the date on which transfer of title was lodged with the ACT Land Titles Office. As when submitting a *Buyer Verification Declaration* at the time of buying a home, in submitting a later application for the HBCS, home buyers are declaring that the information they are providing is correct and complete and that they understand that giving false or misleading information is a serious criminal offence. When home buyers apply for the HBCS this way the ACT Revenue Office uses information provided by the home buyers, and information it holds (if this is available), to check whether they meet the eligibility requirements for prior property ownership and income. Although the ACT Revenue Office does use information it holds to check some aspects of home buyers' eligibility, the information held by the ACT Revenue Office about prior property ownership and income may be incomplete at this time, and the requirement to live in the purchased home may not yet be fulfilled, meaning that home buyers are still responsible for self-assessing their eligibility. 3.18

The complete information required to understand the HBCS eligibility requirements, and the documents home buyers must keep as evidence of their eligibility, was not assembled into one downloadable or printable document, nor was it presented on one webpage. To access all of the relevant information, home buyers were required to read the 'Home buyer concession scheme' and 'Codes and supporting documents' webpages, the applicable disallowable instrument and revenue circular *GEN011.2 Principal Place of Residence*. There was a risk that home buyers who did not read the 'Home buyer concession scheme' webpage in its entirety could be unaware of the 'Codes and supporting documents' webpage or the instrument and revenue circular, because the relevant links were not available at the top of the webpage or otherwise highlighted. 3.38

Explaining home buyer responsibilities

The 'Home buyer concession scheme' webpage provided information about home buyers' responsibilities in self-assessing their eligibility for the HBCS and the potential consequences of non-compliance with the eligibility requirements. This information was distributed across four different sections of the webpage. It was not presented at the top of the webpage, consolidated under an informative heading or highlighted in any way. This means there was a risk that home buyers could miss or misunderstand this information. The webpage did not clearly and explicitly state that the ACT Revenue Office does not check home buyers' eligibility at the time the concession is claimed or that such a compliance check may occur several years later. The webpage did not make it clear that home buyers who do not meet the eligibility requirements will have to pay the unpaid duty and may also be charged interest and penalty tax. 3.51

The 'Codes and supporting documents' webpage provided more clear and obvious information about home buyers' responsibilities in self-assessing their eligibility for the HBCS and the potential consequences of non-compliance with the eligibility 3.54

requirements. Like the 'Home buyer concession scheme' webpage, the 'Codes and supporting documents' webpage did not clearly and explicitly state that the ACT Revenue Office does not check home buyers' eligibility at the time the concession is claimed or that such a compliance check may occur several years later.

Notices of Assessment or *Reassessment* with an HBCS concession applied provide information about the requirement to keep documents evidencing eligibility for five years, the requirement to live in the purchased home, home buyers' rights to obtain further information about a decision or object to a decision and data sharing between the ACT Revenue Office and Australian Taxation Office. However, the notices do not clearly and explicitly state that home buyers are responsible for self-assessing their eligibility for the concession, that the ACT Revenue Office has not checked their eligibility, or that such a check may occur several years later. The notices do not make it clear that home buyers who do not meet the eligibility requirements will have to pay the unpaid duty and may also be charged interest and penalty tax. 3.60

From July 2022, the ACT Revenue Office has sent a reminder email to home buyers who have claimed a concession through the HBCS. The email reminds home buyers about the eligibility requirements and advises them to contact the ACT Revenue Office immediately if they do not meet the requirements. The email advises that unpaid duty may be payable if home buyers do not meet the eligibility requirements. The email does not explain that interest and penalty tax may also be charged. 3.69

Accessibility of communication

Making communications accessible means ensuring all users can access and understand the information. The 'Home buyer concession scheme' and 'Codes and supporting documents' webpages were the main way the ACT Revenue Office provided information to home buyers about the HBCS. The text on these webpages was not accessible because it did not use short sentences or simple, everyday words and was not written to an appropriate reading level. Two specific features of the language used on the 'Home buyer concession scheme' and 'Codes and supporting documents' webpages that limited accessibility were: 3.81

- use of words that have different legal and common use meanings; and
- lack of clear definitions for words that have a specific legal meaning in relation to the HBCS.

The 'Home buyer concession scheme' webpage explained the process home buyers should follow to claim a conveyance duty concession through the HBCS. However, the webpage did not provide: 3.85

- a visual representation (for example, a diagram or flow-chart) or a concise description of the process; or
- a checklist, or similar document, presenting all of the eligibility requirements, available exemptions and evidentiary documents in one place.

The ACT Revenue Office's webpages did not provide key information in Easy Read format or translated into community languages. The webpages did not provide information about, nor links to, relevant support services, such as community services organisations or financial counselling. 3.92

The lack of accessible information on the ACT Revenue Office's webpages meant the legal documents establishing the HBCS eligibility requirements (i.e. the disallowable instrument and revenue circular) were not presented in a format that was likely to be accessible to all home buyers. 3.93

Conducting investigations

Data-matching

The ACT Revenue Office matches data from multiple sources to identify instances where home buyers who claimed a conveyance duty concession through the HBCS may be ineligible. This includes data about transfer of property titles, advertising of rental properties, lodgement of rental bonds and utilities connections in the ACT that is held by the ACT Revenue Office and data about domestic partnerships and income that has been reported to the Australian Taxation Office. The ACT Revenue Office applies several controls to mitigate the risk of incorrect data matches and increase the likelihood of identifying actual non-compliance. 4.15

Investigations

The ACT Revenue Office does not issue *Notices of Reassessment* for unpaid conveyance duty based on data-matching alone. The ACT Revenue Office conducts an investigation to verify any potential non-compliance identified through data-matching. This is an ongoing process, and at any one time the ACT Revenue Office is conducting approximately 50 investigations into potential non-compliance with the HBCS eligibility requirements. The ACT Revenue Office assigns cases of potential non-compliance that have been identified using data-matching to an investigator. Older cases and cases with higher likelihood of non-compliance are prioritised and more complex cases are assigned to more experienced investigators. 4.23

From April 2025, the ACT Revenue Office has begun implementing new processes for communicating with home buyers who may be non-compliant with the HBCS eligibility requirements. Before April 2025, the ACT Revenue Office's first communication with home buyers was an investigation letter, accompanied by a copy of the applicable disallowable instrument. This letter told home buyers that an investigation was being conducted and requested information about their compliance with the requirements using the powers provided by section 82 of the *Taxation Administration Act 1999*. From April 2025, the ACT Revenue Office has sought information from home buyers in the first instance through a request for information letter, which is sent before an investigation letter. 4.35

The investigation letter and associated reminders were complex, used specialist and technical language and included warnings about the potential consequences of not supplying the requested information. The correspondence did not include, and was not accompanied by, a plain language explanation of the HBCS eligibility requirements or a plain language explanation of the purpose of the investigation letter. Neither the investigation letter nor the reminders included information about support services that could help home buyers understand the correspondence and respond to it. 4.45

From April 2025, the ACT Revenue Office's first communication with home buyers is a letter requesting information about their compliance with the requirements. The letter is accompanied by a questionnaire, factsheet and a copy of the applicable disallowable instrument. If no response is received within two weeks, the investigator responsible for the case is required to send a minimum of two reminder emails and a copy of the letter by mail and make a minimum of one phone call to the home buyers. 4.50

The request for information letter asks home buyers to answer an attached questionnaire to provide information about their eligibility for the HBCS. The letter states 'Please take this opportunity to provide us with further information so that we can determine whether or not a duty liability exists. By providing all relevant information through the attached form, any duty liabilities found to exist may attract a 5 per cent level of penalty tax and a lower level of interest. If you do not respond through this process and are later found to have an undischarged liability, a higher level of penalty tax and interest may be imposed'. The letter no longer includes other warnings about the potential consequences of not supplying the requested information. 4.56

The request for information letter and accompanying questionnaire and factsheet provide more information to home buyers than the investigation letter that was used prior to April 2025. However, the letter, questionnaire and factsheet use specialist and technical language and are not accompanied by a plain language explanation of the HBCS eligibility requirements or a plain language explanation of the purpose of the letter. The request for information letter does not include information about support services that can help home buyers understand the correspondence and respond to it. The ACT Revenue Office is continuing work to improve the accessibility of the correspondence. 4.66

If home buyers do not respond to the request for information letter, or if they provide an insufficient response, the ACT Revenue Office issues an investigation letter similar to that used prior to April 2025. As with the previous investigation letter, the investigation letter in use at the time of audit reporting tells home buyers that the ACT Revenue Office is investigating their compliance with the HBCS eligibility requirements and requests information using the powers provided by section 82 of the *Taxation Administration Act 1999*. 4.72

When home buyers provide information that verifies their non-compliance with the HBCS eligibility requirements, or when home buyers do not respond to the ACT 4.80

Revenue Office's correspondence and the ACT Revenue Office holds information sufficient to demonstrate that they are non-compliant, the ACT Revenue Office issues a *Notice of Reassessment* to recover the unpaid duty. Interest and penalty tax may also be charged. *Notices of Reassessment* provide an explanation of the reasons for the decisions made, including an explanation of why interest and penalty tax have been charged. *Notices of Reassessment* also provide information about the option to pay the amount due in instalments, and information about home buyer's rights to ask for more information about the decisions recorded in the notice or object to the decisions.

The ACT Revenue Office does not have an internal audit or quality assurance program intended to ensure investigations are conducted consistently and as required. Instead, the ACT Revenue Office relies on a requirement for internal approval of investigation reports, professional learning, supervision and oversight by team leaders and professional sharing to monitor investigations. 4.83

Charging interest and penalty tax

Imposition of interest and penalty tax

The ACT Revenue Office requires an internal *Taxpayer Summary Report* be prepared for each compliance investigation conducted. When non-compliance with the HBCS eligibility requirements has been verified, the *Taxpayer Summary Report* recommends the amount of unpaid conveyance duty to be recovered and the rate of interest and penalty tax to be charged. The ACT Revenue Office has adopted the practice of requiring that *Taxpayer Summary Reports* be approved by an investigator with supervisory responsibilities. The ACT Revenue Office does not have any formal requirements for *Taxpayer Summary Reports* where matters are complex or sensitive, including where taxpayers may be more vulnerable, to be escalated to more senior staff for review or approval. The ACT Revenue Office also does not require *Taxpayer Summary Reports* where large amount of unpaid tax are recommended to be recovered, or where significant penalties are recommended, to be escalated to more senior staff for review or approval. 5.19

Reductions of interest and penalty tax

Paragraph 31(5)(a) of the *Taxation Administration Act 1999* states that no penalty tax is payable if the Commissioner is satisfied a taxpayer, or a person acting on behalf of a taxpayer, took 'reasonable care' to comply with tax law. Revenue circular *GEN006.3 Penalty Tax* explains the actions and circumstances that show taxpayers have taken 'reasonable care' to comply with tax law, including when taxpayers have made diligent efforts to understand and comply with the law, have taken reasonable steps to be aware of their tax obligations by seeking professional advice and have applied this advice in good faith, and have been honest and open in their dealings with the ACT Revenue Office. 5.24

The *Taxpayer Summary Report* template used by the ACT Revenue Office prior to April 2025 directed investigators to presume that home buyers who were not compliant with the HBCS eligibility requirements had not taken 'reasonable care' to 5.30

comply with tax law. The template included standard text that stated 'The taxpayer did not take reasonable care to comply with the tax law. Therefore, under these circumstances, penalty of 25 per cent should be imposed' and 'It is our opinion that had the taxpayer taken reasonable care to review the conditions of the HBCS that they would have determined they were not eligible for the conditions of the scheme'. The new *Taxpayer Summary Report* template introduced by the ACT Revenue Office from April 2025 similarly provides for a rate of 25 percent but no longer makes reference to the concept of 'reasonable care'.

The *Taxation Administration Act 1999* allows the rate of penalty tax to be reduced when taxpayers provide the ACT Revenue Office with sufficient information to enable the nature and extent of their tax default to be determined. Section 32 allows the rate of penalty tax to be reduced by 80 percent (e.g. from 25 percent to five percent) if taxpayers provide this information *before* the ACT Revenue Office tells them that an investigation into their non-compliance will be carried out. Revenue circular *GEN006.3 Penalty Tax* explains that this type of disclosure is deemed to have occurred when 'the taxpayer informs the Commissioner in writing that they have failed to comply with a tax law, providing information regarding the nature and period of the tax default and an explanation of how the tax default occurred'. The revenue circular explains that this does not include disclosures made *after* an investigation has commenced. 5.35

Section 33 of the *Taxation Administration Act 1999* allows the rate of penalty tax to be reduced by 20 percent (e.g. from 25 percent to 20 percent) when taxpayers provide the ACT Revenue Office with sufficient information to enable the nature and extent of their tax default to be determined *after* the ACT Revenue Office tells them that an investigation into their non-compliance will be carried out but *before* the investigation has begun. Revenue circular *GEN006.3 Penalty Tax* states 'Disclosure will be taken to have been made within the required timeframe if, immediately after the taxpayer is advised of the investigation relating to them and before it begins, the taxpayer responds to the Commissioner in the manner and within the timeframe specified in the Commissioner's letter advising them of the investigation, or any longer period subsequently approved by the Commissioner.' 5.38

Contrary to the guidance provided by revenue circular *GEN006.3 Penalty* Tax, the *Taxpayer Summary Report* template used by the ACT Revenue Office prior to April 2025 directed investigators to consider that an investigation began as soon as the investigator began compiling information about the home buyers and purchased home. The template explained that because the investigation had begun before the investigation letter was sent to home buyers, their responses to the investigation letter were not disclosures made *before* an investigation commenced. This meant that home buyers who responded to the investigation letter within the required timeframe and agreed with the Office's assessment that they were non-compliant with the HBCS eligibility requirements were not considered eligible for the reductions in rates of penalty tax allowable under sections 32 or 33 of the *Taxation Administration Act 1999*. In this situation home buyers were charged 25 percent penalty tax, as the standard applicable rate for any tax default. 5.42

From April 2025, the ACT Revenue Office began sending a request for information letter to home buyers before issuing an investigation letter and also changed its 5.46

interpretation of when an investigation should be deemed to have begun. The *Taxpayer Summary Report* template introduced by the ACT Revenue Office from April 2025 directs investigators to consider that an investigation has *not* already began at the time a request for information letter is sent. This means that home buyers who respond to the request for information letter within the required timeframe and agree with the Office's assessment that they are non-compliant with the HBCS eligibility requirements are now deemed to have made a disclosure about their non-compliance *before* an investigation has begun. Consequently, these home buyers are now considered eligible for a reduction in the rate of penalty tax charged from 25 percent to five percent.

Section 29 of the *Taxation Administration Act 1999* allows interest to be reduced by any amount if the Commissioner considers it appropriate in the circumstances. Revenue circular *GEN009.4 Interest* explains that, in deciding whether to reduce the amount of interest charged, the Commissioner may consider whether the amount of penalty tax has been reduced. However, the *Taxpayer Summary Report* template used by the ACT Revenue Office prior to April 2025 directed investigators not to recommend the rate of interest be reduced unless the circumstances that resulted in the tax default were 'exceptional'. The *Taxpayer Summary Report* template introduced by the ACT Revenue Office from April 2025 does not include guidance about the rate of interest that should be charged on unpaid conveyance duty. However, new draft procedural guidance accompanying the report now directs investigators to consider that home buyers eligible for a reduction in the rate of penalty tax from 25 percent to five percent should be charged only the 'market rate component' interest rate and not the eight percent 'premium component' rate. 5.54

Revenue circulars *GEN009.4 Interest* and *GEN006.3 Penalty Tax* describe a number of factors and circumstances that may be relevant to Commissioner's decisions to reduce the amount of interest or penalty tax that are not referenced in the procedural guidance offered by the *Taxpayer Summary Report* template. These include when strict application of the *Taxation Administration Act 1999* and revenue circulars would produce an unreasonable or inconsistent outcome, when the circumstances that resulted in the tax liability were complex or exceptional, the taxpayers' compliance history or when the ACT Revenue Office contributed to delays, errors or omissions in assessing the tax default. It is thus not clear whether these considerations are relevant to home buyers who are non-compliant with the HBCS eligibility requirements or whether they have ever been applied to such home buyers. 5.66

Managing debts and objections

Managing home buyers' debts

The ACT Revenue Office does not have a debt management policy, nor does it have a policy or framework explaining how the Office should interact with taxpayers who may be more vulnerable or may be experiencing financial hardship. The ACT Revenue Office did not develop or adapt debt management processes specifically for recovering debts arising from home buyers' non-compliance with the HBCS eligibility requirements. In recovering these debts, the ACT Revenue Office follows the same 6.9

processes as are used for other situations in which conveyance duty has not been paid.

The ACT Revenue Office provides information to taxpayers about its debt recovery processes on a 'Debt recovery' webpage. The webpage explains how to contact the Office's Debt Management team and the option of applying for a payment plan. However, the webpage does not provide information about how the ACT Revenue Office will consider debtors' specific circumstances or financial hardship, or any avenue through which debtors can apply for consideration of financial hardship. The webpage does not provide any information about support services available to debtors who are more vulnerable or who are experiencing financial hardship, such as financial counselling. 6.12

Home buyers can communicate with the ACT Revenue Office's Debt Management team by phone, email or mail. The Debt Management team can work with home buyers to help them prepare an application for a payment plan that will meet the Office's requirements. The Debt Management team can also provide information to home buyers about support services. However, the ACT Revenue Office does not have formal procedural guidance for the Debt Management team about how to identify home buyers who may be more vulnerable or may be experiencing financial hardship nor a formal requirement for these home buyers to be provided information about support services. 6.16

When amounts due in *Notices of Reassessment* issued because of non-compliance with the HBCS eligibility requirements are not paid by the specified due date, the ACT Revenue Office's debt recovery process typically consists of sending text message reminders and letters of demand. For some debts, the ACT Revenue Office has also applied to register a statutory charge on the title of a property. *Notices of Reassessment* and reminder text messages include contact information for the ACT Revenue Office's Debt Management team but do not include information about other available support services. 6.23

If debts remain unpaid, the ACT Revenue Office may send a letter of demand after payment was due. The letter of demand tells home buyers that the ACT Revenue Office will commence debt recovery action, including potentially making an application to register a statutory charge on the title of the property and undertaking garnishee action to recover debts from wages, income, bank accounts or through court proceedings. 6.33

The ACT Government's *Debtor Management Policy* requires that agencies provide a means for debtors to apply for consideration of financial hardship and procedures for consistently assessing such applications. However, the ACT Revenue Office does not provide any means for financial hardship to be considered in relation to debts arising from non-compliance with the HBCS eligibility requirements. 6.35

The ACT Government's *Debtor Management Policy* requires that agencies provide suitable payment options for debtors who are assessed as experiencing financial hardship, including extended payment times and realistic payment plans. Prior to May 2024, the ACT Revenue Office did not allow debts owed by home buyers 6.43

because of non-compliance with the HBCS eligibility requirements to be paid through a payment plan. From May 2024, the ACT Revenue Office has made payment plans available to home buyers in this situation. However, the ACT Revenue Office will only approve payments plans in which the amount owed, including the interest which accrues during the term of the plan, will be paid in full within 12 months.

The ACT Government's *Debtor Management Policy* requires that debt waivers be considered as an option for debtors who are assessed as experiencing financial hardship. Under the *Financial Management Act 1996* the Treasurer has discretion to authorise act of grace payments or waive debts. The Treasurer has made nine act of grace payments and four waivers to home buyers who were found to be non-compliant with the HBCS eligibility requirements. The ACT Revenue Office can also write-off debts it deems irrecoverable. However, the ACT Revenue Office has not done so for any debts arising from non-compliance with the HBCS eligibility requirements as it does not consider unpaid conveyance duty to be an irrecoverable debt. 6.48

Responding to home buyers' objections

The *Taxation Administration Act 1999* allows home buyers to object to decisions shown in *Notices of Reassessment*, including objecting to a decision to recover unpaid conveyance duty and to a decision to charge interest and penalty tax. The *Taxation Administration Act 1999* requires that the Commissioner consider all objections received but does not establish a timeframe within which the Commissioner must respond to an objection. The ACT Revenue Office has two Accountability Indicators that set targets for 85 percent of internal reviews of objections to be completed within 6 months and 100 percent to be completed within 12 months. The ACT Revenue Office has not met these targets in 2023-24 or 2024-25. 6.56

In the six financial years to 2024-25, the ACT Revenue Office received 275 objections relating to the HBCS. In those six years, the ACT Revenue Office completed its response to 213 objections. Of the 213 completed objections: 157 were disallowed; 38 were allowed in part; 3 were allowed in full; and 15 were withdrawn. At the time of audit reporting the ACT Revenue Office is reviewing 51 objections relating to the HBCS. The average time taken for the ACT Revenue Office to respond to an objection relating to the HBCS in 2024-25 was 6.6 months. 6.63

The ACT Revenue Offices requires that decisions made in response to objections are peer reviewed by another staff member appointed at the same level as the reviewing officer or higher. The ACT Revenue Office does not require decisions made in response to objections to be reviewed or approved by a more senior staff member. Finalised decisions where a taxpayer's objection is found to be valid and a decision previously made by the ACT Revenue Office is changed are circulated to other teams within the ACT Revenue Office for professional learning. 6.82

The ACT Revenue Office does not proactively communicate with home buyers while their objection is being considered. Home buyers receive standard email responses to their objection and to subsequent enquires about the objection. These standard 6.88

responses advise home buyers that the ACT Revenue Office is unable to provide a date by which they will receive a response to their objection. The responses are not tailored to individual home buyers, nor do they provide any other information about the Office's assessment of the objection.

Notices of Reassessment explain that interest will continue to accrue on outstanding debts while objections are being reviewed. *Notices of Reassessment* used prior to April 2025 also stated that 'debt recovery actions could commence' while objections are being reviewed. *Notices of Reassessment* in use at the time of audit reporting no longer include this statement. 6.92

The ACT Revenue Office does not have an internal audit or quality assurance program intended to ensure objections are reviewed consistently and as required. Instead, the ACT Revenue Office relies on professional learning, supervision and oversight by team leaders and professional sharing to monitor the consistency of the review process. 6.95

Recommendations

Recommendation 1 **Explaining the eligibility requirements**

The ACT Revenue Office should develop comprehensive webpages that provide complete information about the Home Buyer Concession Scheme, including clearly explaining in plain language:

a) all of the eligibility requirements and available exemptions from requirements; and

b) the documents home buyers must keep as evidence of their eligibility.

Recommendation 2 **Explaining home buyers' responsibilities and potential consequences of non-compliance**

The ACT Revenue Office should ensure that all communications about the Home Buyer Concession scheme (including the relevant webpages and correspondence with home buyers) clearly explain in plain language that:

a) home buyers are responsible for self-assessing their eligibility for the scheme;

b) the ACT Revenue Office does not check home buyers' eligibility at the time the concession is claimed;

c) the ACT Revenue Office will check home buyers' eligibility after the concession is claimed, and this check may occur several years later; and

d) home buyers who are not compliant with all of the eligibility requirements will have to pay the unpaid duty and may also be charged interest and penalty tax.

Recommendation 3 Accessibility of communications

The ACT Revenue Office should ensure all communications about the Home Buyer Concession Scheme (including the relevant webpages and correspondence with home buyers) are accessible to all home buyers, including:

a) using plain language and clearly explaining complex or specialised terms;

b) breaking complex processes down into smaller steps, including by using visual representations or checklists where appropriate;

c) providing access to translations into community languages where appropriate; and

d) providing information about services available to home buyers who may need additional support to understand the scheme or to understand and respond to correspondence.

Recommendation 4 Review and evaluation of new investigation processes

The ACT Revenue Office should review and evaluate the effectiveness of the new investigation processes implemented in April 2025, including whether:

a) the content and type of correspondence and communication about investigations meets home buyers' needs; and

b) the time allowed for responses to requests for information is adequate.

Recommendation 5 Determining rates of interest and penalty tax

The Commissioner for ACT Revenue should issue a revenue circular explaining clearly and explicitly all of the factors, circumstances and considerations that are relevant and applicable in determining the rates of interest and penalty tax to be charged on unpaid conveyance duty when home buyers are non-compliant with the Home Buyer Concession Scheme eligibility requirements. The revenue circular should be:

a) used by ACT Revenue Office investigators as procedural guidance when preparing, reviewing and approving *Taxpayer Summary Reports*; and

b) provided to home buyers who are subject to an investigation and home buyers who are found to be non-compliant with the eligibility requirements.

Recommendation 6 **Debt management policy and practice**

The ACT Revenue Office should develop, implement and publicly communicate a debt management policy, and associated procedures, that align with the ACT Government's *Debtor Management Policy* and other applicable better practice guidelines, and in doing so;

a) explain how the Office will identify and consider the needs of debtors who may be more vulnerable and debtors who may be experiencing financial hardship;

b) provide an avenue for debtors to apply for consideration of financial hardship and procedures to ensure consistent assessment of such applications;

c) establish minimum requirements for referral to suitable support services for debtors who may be more vulnerable and debtors who may be experiencing financial hardship; and

d) provide adequately flexible payment options that are realistic for debtors who are assessed as experiencing financial hardship.

Recommendation 7 **Work with non-government organisations**

The ACT Revenue Office should formalise its arrangements for working collaboratively with the non-government financial counselling and community support sector, including by establishing a forum for regular practice sharing and collaborative policy and practice development.

Recommendation 8 **Quality assurance**

The ACT Revenue Office should implement a quality assurance program to ensure that:

a) compliance investigations are conducted consistently and as required by procedural guidance; and

b) objections are assessed consistently and as required by procedural guidance.

Agency response

In accordance with subsection 18(2) of the *Auditor-General Act 1996*, the Chief Minister, Treasury and Economic Development Directorate (ACT Revenue Office) was provided with a draft proposed report for comment. All comments in response to the draft proposed report were considered and changes were reflected in a final proposed report.

ACT Revenue Office was provided with the final proposed report for comment. All comments in response to the final proposed report were considered and changes reflected in a final report. As part of the final proposed report process, ACT Revenue Office was invited to provide comments for inclusion in the Summary chapter of the final report.

The following comments were provided for inclusion in the Summary chapter.

The ACT Revenue Office's (ACTRO) role is the administration of tax laws to collect the revenue required to fund vital government services and facilities for the community. It works to ensure the integrity of the tax system and equity between taxpayers. The ACTRO is committed to continuing to improve its administrative practices within the scope of requirements specified in taxation legislation.

Purchasing property is a significant event for most purchasers. Home buyers and property investors regularly obtain independent professional advice to assist with the legal, contractual and financial aspects (such as mortgages, tax obligations and planning) involved with property purchases. It is within this context that the ACTRO administers the Home Buyer Concession Scheme (HBCS). The HBCS is a longstanding ACT Government initiative that tens of thousands of eligible home buyers have successfully received, helping them buy a home or residential land by reducing the conveyance duty (stamp duty) on the property. Between 2019-20 and 2024-25, the HBCS assisted Canberrans to buy over 25,000 homes at an average stamp duty concession of approximately $16,000 per household.

The ACTRO supports peoples' access to the HBCS via website information and contact centre services. Buyers are also encouraged to seek professional services to assist with tax advice specific to their circumstances, particularly given the quantum of the concession if a home buyer is eligible under the HBCS. There is a low level of non-compliance subject to reassessment by the ACTRO, being in the order of 1 to 2 per cent. Taxpayers that have incorrectly claimed the HBCS may be subject to penalty tax and/or interest due to a tax default occurring. The ACTRO administers penalty tax and interest in accordance with legislation (the Taxation Administration Act 1999*).*

There have been updates to HBCS administrative processes over time, and more recently, which include:

- *updated HBCS content on the ACTRO website to clarify details and provide additional information to better assist taxpayers with their self-assessment. This content update occurred at the end of the field work for this audit and hence is not reflected in totality in the performance audit report comments. The Audit Office acknowledge this in their report;*
- *for compliance reassessments of HBC, the payment timeframe has been extended to at least eight weeks and payment plans may be offered; and*
- *the Compliance program engagement strategy in relation to HBC has been revised to further prompt taxpayers to come forward before an investigation commences. Note that under tax law taxpayers are obliged to notify the ACTRO if they are no longer eligible for the HBCS.*

As part of continuous improvement actions, the ACTRO will investigate opportunities to further improve administrative practices and welcomes constructive comments on its operations.