

ACT AUDITOR–GENERAL'S **PERFORMANCE AUDIT REPORT**

**Management of the Home Buyer
Concession Scheme**

The ACT Audit Office acknowledges the Ngunnawal people as the traditional custodians of the ACT and recognises any other people or families with connection to the lands of the ACT and region.

The ACT Audit Office acknowledges and respects their continuing culture and the contribution they make to the life of this city and this region.

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The Speaker
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Dear Speaker

I am pleased to forward to you a Performance Audit Report titled 'Management of the Home Buyer Concession Scheme' for tabling in the Legislative Assembly pursuant to Subsection 17(5) of the *Auditor-General Act 1996*.

The audit has been conducted in accordance with the requirements of the *Auditor-General Act 1996* and relevant professional standards including *ASAE 3500 – Performance Engagements*.

Yours sincerely



Ajay Sharma PSM
Auditor-General
4 March 2026

Contents

Terminology	iii
Summary	1
Conclusions.....	1
Key findings	3
Recommendations.....	14
Agency response.....	16
1 Introduction	19
Home Buyer Concession Scheme	19
ACT Revenue Office	24
Audit objective and scope	28
Audit criteria, approach and method	28
2 Eligibility requirements.....	31
Summary.....	31
Eligibility	32
Exemptions to eligibility requirements	37
Changes to eligibility requirements.....	41
3 Communicating and explaining the scheme.....	47
Summary.....	47
Claiming a conveyance duty concession	50
Explaining home buyer responsibilities.....	59
Accessibility of communication	66
4 Conducting investigations.....	73
Summary.....	73
Data-matching	75
Investigations.....	79
5 Charging interest and penalty tax.....	95
Summary.....	95
Imposition of interest and penalty tax	98
Reductions of interest and penalty tax	101
6 Managing debts and objections	113
Summary.....	113

Managing home buyers' debts	116
Responding to home buyers' objections.....	125
Appendix A: Rates of interest and penalty tax	135
Appendix B: Better practice debt management	141

Terminology

Terminology used in the report

The **Commissioner for ACT Revenue** (the Commissioner) is the person appointed by the Minister for Finance to administer the ACT's tax laws. The Commissioner and the people working for the Commissioner form the **ACT Revenue Office**.

Disallowable instruments are legislative instruments that can be made by the Minister for Finance, the Treasurer or the Commissioner for ACT Revenue.

Disallowable instruments explain the practical details of administration of the ACT's tax laws, including tax rates and eligibility requirements for tax concession schemes. Disallowable instruments have legal authority and are enforceable.

Revenue circulars are documents issued by the Commissioner for ACT Revenue to explain to taxpayers how the ACT Revenue Office administers the ACT's tax laws and tax concessions. Revenue circulars are not themselves tax laws, instead they explain how tax laws will be applied.

A **tax liability** means a taxpayer owes tax. For the *Home Buyer Concession Scheme*, a tax liability is the conveyance duty home buyers must pay when they buy a new home or land site.

A **tax default** means a taxpayer has not paid a tax or has not paid the correct amount of tax. For the *Home Buyer Concession Scheme*, a tax default means home buyers have not paid the required amount of conveyance duty (and/or the required amount of interest or penalty tax) because they claimed a duty concession that they were not eligible for.

Interest means interest charged on an amount of unpaid tax. For the *Home Buyer Concession Scheme*, this means interest charged on unpaid conveyance duty and/or penalty tax.

Penalty tax means additional tax charged on an amount of unpaid tax. For the *Home Buyer Concession Scheme*, this means additional tax charged on unpaid conveyance duty.

Remission means cancelling or reducing a tax debt, interest charged in relation to a tax debt or a penalty charged in relation to a tax debt. For the *Home Buyer Concession Scheme*, this means reducing or removing the amount of interest or penalty tax charged on unpaid conveyance duty.

Self-assessment or a **self-assessed** tax concession scheme means the taxpayer is responsible for determining whether they are eligible for the scheme or concession. For the *Home Buyer*

Concession Scheme, this means home buyers are responsible for assessing their personal circumstances against the scheme's eligibility requirements to determine whether they are eligible to claim a concession on their conveyance duty. Generally, most home buyers would make this assessment with the help of a relevant professional service, such as a lawyer or accountant.

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 <i>Taxation Administration Act 1999</i> .	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 begun 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.

1 Introduction

Home Buyer Concession Scheme

Conveyance duty

- 1.1 When people buy a land site or home in the ACT, they must pay a tax known as a 'conveyance duty' (sometimes referred to as 'stamp duty'). The amount of conveyance duty to be paid depends on the value of the purchased property. Conveyance duty must be paid within 14 days of the registration of transfer of title.
- 1.2 The ACT Government offers a range of schemes that reduce the amount of conveyance duty people must pay, including the Home Buyer Concession Scheme (HBCS).

Home Buyer Concession Scheme

Legislative basis

- 1.3 The HBCS is established under the:
 - *Taxation Administration Act 1999* (TAA);
 - *Duties Act 1999*; and
 - *Taxation Administration (Amounts Payable – Home Buyer Concession Scheme) Determination* (a disallowable instrument made under the TAA).
- 1.4 Revenue circular *GEN011.2 Principal Place of Residence* provides further information about the HBCS eligibility requirements.

Scope

- 1.5 The HBCS provides concessions (discounts) on conveyance duty for people buying a land site or home in the ACT. The HBCS is available to people buying a land site on which they intend to build a home or people buying an existing home.

Home buyers

- 1.6 The HBCS is not available to people who already own a home and are buying a second home or investment property. The HBCS is also generally not available to people who have recently sold a home to buy a new home. However, some people who have recently sold a home and need to buy a new home because of family separation or family violence can access the scheme.

Properties

- 1.7 The HBCS has been offered in its current form since 1 July 2019. Prior to 1 July 2019, the HBCS was only available to people buying new homes or vacant land sites within set values. From 1 July 2019, the scheme was made available to buyers of any type of home or residential land site in the ACT of any value. The value of the conveyance duty concession that can be claimed through the HBCS depends on the value of the purchased property.

Eligibility requirements

- 1.8 To be eligible for the HBCS, home buyers must be at least 18 years-old and must meet eligibility requirements in relation to:
- their property ownership during the prior five years;
 - their income; and
 - living in the purchased home.
- 1.9 Chapter Two of the report provides information about the HBCS eligibility requirements and how they have changed during the course of the scheme. The description of eligibility requirements in Chapter Two is accurate at the time of tabling the report.

Self-assessment

- 1.10 Home buyers are responsible for self-assessing their eligibility for the HBCS. The ACT Revenue Office does not check whether home buyers meet the scheme's eligibility requirements at the time home buyers claim the conveyance duty concession.
- 1.11 Based on home buyers' self-assessed eligibility, the ACT Revenue Office issues *Notices of Assessment* advising of the amount of conveyance duty payable and the amount of concession applied.

Compliance investigation

- 1.12 As part of its tax compliance program, the ACT Revenue Office reviews conveyance duty concessions claimed through the HBCS to identify instances where home buyers are not eligible for the concession claimed.
- 1.13 Home buyers found to be ineligible for the HBCS are issued *Notices of Reassessment*, requiring them to pay unpaid duty. They may also be charged interest and penalty tax.

Home Buyer Concession Scheme data

Number of concessions claimed

1.14 Table 1-1 shows the number of property purchases for which home buyers claimed a conveyance duty concession through the HBCS. The table shows data for properties purchased between 2019-20 and 2024-25.

Table 1-1 Conveyance duty concessions claimed through the HBCS (2019-20 to 2024-25)

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Total
Number of homes	4,327	5,841	4,534	3,508	3,502	3,986	25,698

Source: ACT Audit Office, based on information provided by the ACT Revenue Office.

1.15 Between 2019-20 and 2024-25, buyers of 25,698 properties claimed a conveyance duty concession through the HBCS (approximately 4,000 properties each financial year).

Value of concessions claimed

1.16 The amount of conveyance duty payable and the amount of concession that can be claimed through the HBCS is determined by the value of the purchased property. From 1 July 2022, the concession available through the HBCS has been capped. For the 2025-26 financial year the maximum concession available is \$35,238.

1.17 Table 1-2 shows the rate of conveyance duty payable when a concession is claimed through the HBCS in the 2025-26 financial year.

Table 1-2 Rate of conveyance duty payable when a concession is claimed through the HBCS

Property value	Duty payable	Concession cap
Less than or equal to \$1,020,000	Complete exemption from conveyance duty	\$35,238
More than \$1,020,000 but less than \$1,455,000	Duty of \$6.40 for every \$100, or part of \$100, of the property value that is more than \$1,020,000 but less than \$1,455,000	
More than \$1,455,000	Duty at a flat rate of \$4.54 per \$100 applied to the total dutiable value, less \$35,238	

Source: ACT Audit Office, based on information provided by the ACT Revenue Office.

1.18 Table 1-3 shows the maximum and average value of conveyance duty concessions claimed through the HBCS for properties purchased between 2019-20 and 2025-26.

Table 1-3 Value of concessions claimed through the HBCS (2019-20 to 2024-25)

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Maximum concession	Not capped	Not capped	\$35,910	\$34,790	\$34,504	\$34,270	\$35,238
Average concession	\$13,236	\$14,405	\$17,086	\$18,380	\$18,622	\$19,966	-

Source: ACT Audit Office, based on information provided by the ACT Revenue Office.

1.19 For the 25,698 conveyance duty concessions claimed between 2019-20 and 2024-25, the average value has been \$16,661 (corresponding to a home worth around \$600,000).

Revenue forgone

1.20 Concessions claimed through the HBCS result in revenue forgone to the ACT Government.

1.21 Table 1-4 shows the revenue forgone through the HBCS between 2019-20 and 2024-25.

Table 1-4 Revenue forgone through the HBCS (2019-20 to 2024-25)

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Total
Revenue forgone (\$'000)	\$44,274	\$64,190	\$83,267	\$76,828	\$68,682	\$67,100 (budget ¹)	\$404,341 (budget)

Source: ACT Audit Office, based on 2023-24 ACT Tax Expenditure Statement and 2024-25 ACT Budget.

1.22 Between 2019-20 and 2024-25 the HBCS is expected to result in approximately \$400 million revenue forgone to the ACT Government.

1.23 Between 2019-20 and 2023-24, conveyance duty concessions claimed through the HBCS represented approximately 22 percent of the approximately \$1,814 million revenue forgone to the ACT Government through tax concessions during that period.

Number of reassessments

1.24 If the ACT Revenue Office finds that home buyers are non-compliant with HBCS eligibility requirements the Office issues a *Notice of Reassessment* requiring the home buyers to pay unpaid duty. They may also be required to pay interest and penalty tax on the unpaid duty.

1.25 By 1 August 2025, the ACT Revenue Office had issued 454 *Notices of Reassessment* because home buyers had been found to be non-compliant with HBCS eligibility requirements. This

¹ Budget figures for 2024-25 are for all conveyance duty concessions provided by the ACT Government, the majority of which are through the HBCS.

represents 1.7 percent of the 25,698 concessions claimed through the scheme over the same period.

1.26 Of the 454 *Notices of Reassessment* issued by 1 August 2025:

- 428 (94 percent) included interest; and
- 418 (92 percent) included penalty tax.

1.27 The ACT Revenue Office’s ongoing tax compliance program may identify additional property purchases from the same period that are non-compliant with the HBCS eligibility requirements. The ACT Revenue Office undertakes approximately 50 investigations into potential ineligibility for the HBCS at any one time.

Value of debts raised through reassessments

1.28 Table 1-5 shows the number of *Notices of Reassessment* issued because of non-compliance with the HBCS eligibility requirements and the average value of debts raised. The table shows data for concessions claimed between 2019-20 and 2023-24.

Table 1-5 Average unpaid duty, interest and penalty tax

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Total
Notices of Reassessment issued	96	123	119	69	46	1	454
Average unpaid duty	\$15,239	\$19,920	\$23,464	\$25,027	\$23,322	ns ²	-
Average interest	\$4,652	\$4,585	\$4,691	\$3,874	\$1,739	ns	-
Average penalty tax	\$3,423	\$4,745	\$5,068	\$5,808	\$4,966	ns	-

Source: ACT Audit Office, based on based on information provided by the ACT Revenue Office.

1.29 The value of debts arising from non-compliance with the HBCS eligibility requirements varies, and can be relatively large compared to the size of other tax debts, because:

- the value of the conveyance duty concession that could be claimed was uncapped in the 2019-20 and 2020-21 financial years, and concession caps have been over \$34,000 in subsequent financial years (as shown in Table 1-3); and

² Data not shown to protect taxpayer privacy.

- the amount of interest and penalty tax charged can be significant, depending on the circumstances and timing of the non-compliance (as shown in Table 1-5).

Payment of debts

1.30 On 1 August 2025:

- 366 debts (81 percent) raised through 454 *Notices of Reassessment* had been paid in full;
- 41 debts (9 percent) were being paid in instalments under approved payment plans; and
- 47 (10 percent) were unpaid.

ACT Revenue Office

Commissioner for ACT Revenue

1.31 The Commissioner for ACT Revenue (the Commissioner) is a statutory office holder, appointed by the Minister for Finance under the *Taxation Administration Act 1999* (TAA).

1.32 The Commissioner is responsible for the functions established by the TAA, including collecting taxes, ensuring compliance with tax obligations and administering tax concession schemes.

ACT Revenue Office

1.33 The Commissioner and the staff working for the Commissioner form the ACT Revenue Office. The ACT Revenue Office is part of the Chief Minister, Treasury and Economic Development Directorate.

1.34 Three teams within the ACT Revenue Office have responsibilities for managing and administering the HBCS:

- Operations team;
- Compliance team (including the Business Intelligence and Debt Management teams); and
- Support team.

Operations team

- 1.35 The Operations team is responsible for the ACT Revenue Office's Contact Centre. The Contact Centre administers a range of property-based tax and concession schemes and provides information about rates, land tax, duties and related concession schemes.
- 1.36 The Contact Centre is generally the first point of contact for home buyers who have questions about the HBCS. The Operations team is also responsible for administering:
- applications for the HBCS that are made after a property is purchased; and
 - requests for variations to the requirement to live in the purchased home.

Compliance team

- 1.37 The Compliance team is responsible for identifying taxpayers who have not complied with ACT tax laws and recovering unpaid taxes.
- 1.38 The Compliance team conducts compliance investigations to identify home buyers who are non-compliant with the HBCS eligibility requirements and issues *Notices of Reassessment* for unpaid duty, interest and penalty tax.

Business Intelligence

- 1.39 The Business Intelligence team, within the Compliance team, is responsible for developing and using business intelligence (data-matching) to identify taxpayers who have not complied with ACT tax laws.
- 1.40 The Business Intelligence team identifies instances of potential non-compliance with the HBCS eligibility requirements. Information about potential non-compliance is provided to the Compliance team for investigation.

Debt Management

- 1.41 The Debt Management team, within the Compliance team, is responsible for recovering debts arising from unpaid taxes.
- 1.42 The Debt Management team is responsible for taking actions to recover unpaid conveyance duty, interest and penalty tax arising from non-compliance with the HBCS eligibility requirements.

Support team

1.43 The Objections and Policy team, within the Support team, is responsible for responding to objections made by home buyers to decisions shown in *Notices of Reassessment* issued because of non-compliance with the HBCS eligibility requirements.

Audit report structure


1.44 The report considers:

- the HBCS eligibility requirements (Chapter 2);
- how the ACT Revenue Office has communicated and explained the eligibility requirements to home buyers (Chapter 3);
- how home buyers can claim a conveyance duty concession through the HBCS (Chapter 3);
- how the ACT Revenue Office has conducted investigations into potential non-compliance with the HBCS eligibility requirements (Chapter 4);
- how the ACT Revenue Office has decided when to charge interest and penalty tax on unpaid conveyance duty and what rates to charge (Chapter 5);
- how the ACT Revenue Office has managed debts arising from non-compliance with the HBCS eligibility requirements (Chapter 6); and
- how the ACT Revenue Office has responded to objections made to these debts (Chapter 6).


1.45 Figure 1-1 shows which parts of the report consider each process.

Figure 1-1 Audit report structure

Claiming a conveyance duty concession through the Home Buyer Concession Scheme

	<p>What are the eligibility requirements?</p>	<p>Chapter 2 Eligibility requirements</p>
	<p>How has the ACT Revenue Office communicated and explained the eligibility requirements to home buyers?</p> <p>How do home buyers self-assess their eligibility and claim a conveyance duty concession when they buy a new home?</p>	<p>Chapter 3 Communicating and explaining the scheme</p>

The ACT Revenue Office's compliance investigation processes

	<p>How does the ACT Revenue Office conduct compliance investigations to identify home buyers who are not compliant with the eligibility requirements?</p>	<p>Chapter 4 Conducting compliance investigations</p>
	<p>How does the ACT Revenue Office determine when to charge interest and penalty tax on unpaid conveyance duty and what rates to charge?</p>	<p>Chapter 5 Charging interest and penalty tax</p>
	<p>How does the ACT Revenue Office manage debts arising from unpaid conveyance duty, interest and penalty tax?</p> <p>How does the ACT Revenue Office respond to objections made about these debts?</p>	<p>Chapter 6 Managing debts and objections</p>

Source: ACT Audit Office.

Audit objective and scope

Audit objective

1.46 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 (HBCS).

Audit scope

1.47 The audit considered the activities of the ACT Revenue Office to manage and administer the HBCS, including activities to:

- communicate and explain scheme processes and eligibility criteria to applicants;
- issue notices of assessment in response to self-assessed applications for concessions;
- conduct reassessments of eligibility for concessions that have been provided; and
- respond to objections and appeals raised in response to notices of reassessment.

Out of scope

1.48 The audit did not consider:

- management and administration of conveyance duty concessions provided prior to the 2019-20 financial year;
- the appropriateness and proportionality of penalties and interest charges applied to notices of reassessment; or
- the management or outcomes of individual compliance investigations, debts or objections.

Audit criteria, approach and method

1.49 The audit was performed in accordance with *ASAE 3500 - Performance Engagements*. The audit adopted the policy and practice statements outlined in the Audit Office's Performance Audit Methods and Practice (PAMPr) which is designed to comply with the requirements of the *Auditor-General Act 1996* and *ASAE 3500 - Performance Engagements*.

1.50 In the conduct of this performance audit the ACT Audit Office complied with the independence and other relevant ethical requirements related to assurance engagements.

Audit criteria

1.51 To form a conclusion against the objective, the following criteria were used:

- Criterion one - Is the Home Buyer Concession Scheme effectively designed and delivered?
 - Does the scheme have clearly identified, consistent eligibility criteria?
 - Is the scheme effectively communicated and explained to eligible people?
 - Is the scheme easy for eligible people to apply for and receive?
- Criterion two - Is the Home Buyer Concession Scheme effectively managed and administered?
 - Does the scheme have clear and complete policy and procedural guidance?
 - Are applications for concessions processed effectively and equitably?
 - Are probity and fraud risks managed effectively?
 - Are reassessments of concessions, and objections to reassessment decisions, managed effectively and equitably?

Audit approach and method

1.52 The audit approach and method consisted of:

- reviewing recent evidence for better practice in government service delivery, including delivering accessible information about government programs to a diverse community and managing historical debts;
- reviewing the legislative documents and revenue circulars that establish the HBCS and its eligibility requirements;
- reviewing data about conveyance duty concessions claimed through the HBCS;
- reviewing information provided by the ACT Revenue Office to home buyers about the HBCS, including the ACT Revenue Office's webpages and correspondence templates;
- reviewing the ACT Revenue Office's policies, guidelines, standard operating procedures and other procedural guidance documents associated with management and administration of the HBCS;
- reviewing the ACT Revenue Office's templates for correspondence with home buyers subject to investigation and home buyers found to be non-compliant with the HBCS eligibility requirements; and
- interviews and discussions with staff from the ACT Revenue Office.

1.53 The audit did not consider the management or outcomes of individual compliance investigations, debts raised because of investigations, or objections to these debts made by home buyers. Nor did the audit consider any decisions made by the Commissioner or ACT Revenue Office about individual home buyers.

2 Eligibility requirements

2.1 This chapter discusses the eligibility requirements for the Home Buyer Concession Scheme.

Summary



Conclusions

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.



Key findings

Eligibility	Paragraph
Eligibility requirements for the Home Buyer Concession Scheme (HBCS) are established by a disallowable instrument made under the <i>Taxation Administration Act 1999</i> . 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 <i>GEN011.2 Principal Place of Residence</i> . 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
<ul style="list-style-type: none">• 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

Eligibility

Documents establishing eligibility requirements

The Taxation Administration (Amounts Payable – Home Buyer Concession Scheme) Determination

- 2.2 Eligibility requirements for the HBCS are established by the *Taxation Administration (Amounts Payable – Home Buyer Concession Scheme) Determination* (the Determination). The Determination is a disallowable instrument made by the Minister for Finance under section 139 of the *Taxation Administration Act 1999*.
- 2.3 As with many other legislative schemes, the details of the HBCS are not set out in the relevant Act(s) but rather in a disallowable instrument that contains the practical details of the scheme. A disallowable instrument has legal authority and is enforceable. For the HBCS, the Determination sets out the practical details of the scheme, including eligibility requirements, how the duty concession is calculated and how it is applied.

Other relevant legislation and information

2.4 In addition to the Determination, definitions and explanations about the HBCS eligibility requirements, and about the documents required to evidence eligibility, are provided by:

- other legislation referenced in the Determination;
- revenue circular *GEN011.2 Principal Place of Residence*; and
- two ACT Revenue Office webpages.

Other legislation

2.5 In establishing the HBCS eligibility requirements, the Determination refers to five other pieces of legislation:

- the *Family Law Act 1975* (Cth) and the *Domestic Relationships Act 1994* define orders and injunctions made in relation to family separation;
- the *Social Security Act 1991* (Cth) defines a ‘dependent child’;
- the *Income Tax Assessment Act 1997* (Cth) defines ‘taxable income’; and
- the *Building Act 2004* defines a ‘certificate of occupancy’.³

Revenue circular *GEN011.2 Principal Place of Residence*

2.6 Revenue circular *GEN011.2 Principal Place of Residence* defines what ‘principal place of residence’ means for tax purposes, including explaining the factors that evidence ‘occupancy’ of a home.

ACT Revenue Office webpages

2.7 The ACT Revenue Office currently provides information about the HBCS eligibility requirements on the ‘Home buyer concession scheme’ website (revenue.act.gov.au/home-buyer-assistance/home-buyer-concession-scheme). New webpages were implemented in November 2025 as part of a program of work the ACT Revenue Office is progressing to review and update its website, including reviewing and updating all of the webpages relevant to the HBCS.

2.8 This chapter describes the ACT Revenue Office’s webpages and information about eligibility requirements that was available on those webpages at the time of audit fieldwork (i.e. prior to November 2025). The changes that are being made to the ACT Revenue Office website are discussed further in Chapter 3 (paragraphs 3.95 to 3.97).

³ In providing definitions for terms used in the Determination, the Dictionary of the Determination also makes reference to the *Aboriginal and Torres Strait Islander Children and Young People Commissioner Act 2022*, *Land Titles Act 1925*, *Planning Act 2023*, *Family Violence Act 2016*, *Legislation Act 2001*, *Children and Young People Act 2008*, *Land Titles (Unit Titles) Act 1970*, and *Unit Titles Act 2001*.

2.9 Prior to November 2025, the ACT Revenue Office provided:

- information about the HBCS eligibility requirements on the 'Home buyer concession scheme' webpage (revenue.act.gov.au/home-buyer-assistance/home-buyer-concession-scheme/home-buyer-concessions-from-1-July-2019); and
- information about the documents required to evidence eligibility on the 'Codes and supporting documents' webpage (revenue.act.gov.au/self-assessment-tools-and-forms/codes-and-supporting-documents).

Eligibility

2.10 Subsection 6(1) of the Determination establishes that, to be eligible for the HBCS, home buyers must:

- be at least 18 years-old when they purchase the home;
- 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.

2.11 Schedules 1 to 3 of the Determination provide definitions and explanations for the requirements for home buyers to:

- 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.

Requirement for no prior home ownership

2.12 The Determination establishes the prior home ownership requirement in paragraph 6(1)(b) and Schedule 1 – Meaning of *allowed interest*. Paragraph 6(1)(b) of the Determination states:

On the transaction date, all eligible home buyers and their domestic partners (if any) have not held a legal or equitable interest in land within the previous 5 years, other than an ***allowed interest***.

2.13 The ACT Revenue Office explained on its 'Home buyer concession scheme' webpage that:

To be eligible for the HBC, all buyers, including their domestic partners (if any), must not have owned or held an interest (legal or equitable interest) in any other property for the past 5 years, prior to the transaction date.

If you have owned property elsewhere in Australia or overseas within 5 years prior to the transaction date, you are **not** eligible for the HBC.

Transaction date

2.14 The Determination defines ‘transaction date’ as:

... the date that liability for duty arises under the Act, section 11.

2.15 This is a reference to section 11 of the *Duties Act 1999*, which states:

(1) A liability for duty payable [...] arises—

(a) when a transfer of dutiable property occurs; or

(b) if a transfer of dutiable property is effected by an instrument— when the instrument is first executed.

2.16 The ACT Revenue Office explained on its ‘Home buyer concession scheme’ webpage that:

The transaction date refers to the date that a liability for duty occurs. Often the first time a liability arises is the date of exchange where you sign and exchange contracts for the purchase of the property and pay the deposit. The transaction date is rarely the date you settle the purchase of the property.

2.17 This means that, for most home buyers, the ‘transaction date’ will be the date on which they sign and exchange contracts for the purchase of the home and pay the deposit, not the date that purchase of the property is ‘settled’ and they gain access to the new home (typically known as ‘settlement date’).

Legal and equitable interest

2.18 A ‘legal interest’ means a person has been a legal owner or co-owner of a property through having their name on a registered title or deed.

2.19 The ACT Revenue Office explained on its ‘Home buyer concession scheme’ webpage that an ‘equitable interest’ means:

An interest you may own in property, indirectly, by being a beneficiary of a trust. A common example is that you are the beneficiary of a bare trust or a fixed trust.

Income requirement

2.20 The Determination establishes the income requirement in paragraph 6(1)(c) and Schedule 2 – Meaning of *income requirement*. Paragraph 6(1)(c) of the Determination states:

Eligible home buyers and their domestic partners (if any) meet the ***income requirement***.

2.21 Schedule 2 of the Determination sets thresholds for home buyers’ income. Home buyers and their domestic partners must have earned an income at or below these thresholds in

the financial year prior to the date on which they sign and exchange contracts for the new home.

- 2.22 For 2025-26, the threshold is \$250,000 in assessed taxable income, plus \$4,600 for each dependent child.

Requirement to live in the purchased home

- 2.23 The Determination establishes the requirement for home buyers to live in the purchased home in paragraph 6(1)(d) and Schedule 1 – Meaning of *residence requirement*. Paragraph 6(1)(d) of the Determination states:

At least 1 eligible home buyer will meet the **residence requirement**.

- 2.24 Schedule 3 of the Determination explains that to meet the residence requirement at least one eligible home buyer must move into the home and then live there continuously, as their principal place of residence, for at least one year. The home buyers must move into the home within one year after:

- the transaction date (for purchase of a home); or
- a certificate of occupancy and use is issued for a newly built home on a purchased land site.

- 2.25 In practice, this means that it may take up to two years for home buyers to complete their compliance with the requirement to live in the purchased home, as they must live in the home continuously for one year, beginning within one year of the home being occupiable.

Principal place of residence

- 2.26 The Determination defines ‘principal place of residence’ as:

The home a person primarily occupies on an ongoing and permanent basis as the person’s settled or usual home.

- 2.27 Revenue circular *GEN011.2 Principal Place of Residence* further defines the term ‘principal place of residence’, including explaining the factors that evidence ‘occupancy’ of a home and the circumstances in which these may be varied or excluded for tax purposes.

- 2.28 In practice, the explanation provided by the Determination and revenue circular means that home buyers cannot leave the purchased home continuously vacant, sell the purchased home, or rent the whole of the home to other people until the requirement to live in the home has been fulfilled (i.e. until at least one home buyer has lived in the home as their principal place of residence for one year). However, home buyers can rent rooms within the home to other people during the period they are fulfilling the requirement to live in the home, as long as they also continue to live there themselves.



2.29 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.



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

- 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

2.31 Home buyers can apply for exemptions from the requirement to:

- not have owned prior property;
- include a former domestic partner's income; and
- live in the purchased home for the required period.

Exemptions to the no prior home ownership requirement

2.32 Home buyers are allowed to have owned property during the five years prior to purchasing the new home if this was an 'allowed interest' defined in Schedule 1 of the Determination. Schedule 1 defines an 'allowed interest' as:

- home buyers have relinquished their interest in a property under a court order, financial agreement, domestic relationship agreement or termination agreement;
- home buyers or their dependent child have experienced family violence during the five years prior to purchasing the new home;
- home buyers acquired the interest as an executor or trustee of a will; or
- home buyers acquired the interest in an agreement to purchase a property that was subsequently cancelled.

- 2.33 Home buyers can also exclude property owned solely by a former domestic partner from whom they have permanently separated.

Exemptions based on court orders and agreements

- 2.34 Paragraph (1)(b) of Schedule 1 of the Determination states that a home buyer may have owned a property during the five years prior to purchasing the new home if they were required to relinquish their interest in this property under:

- (i) an order of a court; or
- (ii) a financial agreement made under section 90B, section 90C, or section 90D of the *Family Law Act 1975* (Cwlth) that is binding on the person; or
- (iii) a part VIIIAB financial agreement made under section 90UB, section 90UC, or section 90UD of the *Family Law Act 1975* (Cwlth) that is binding on the person; or
- (iv) a domestic relationship agreement or termination agreement under the *Domestic Relationships Act 1994* to which the person is a party;

- 2.35 The Explanatory Statement of the Determination explains that the order or agreement must have been made before the ‘transaction date’.

Exemptions for home buyers who have experienced family violence

- 2.36 Paragraph (1)(d) of Schedule 1 of the Determination states that home buyers are allowed to have owned a property during the five years prior to purchasing the new home if the home buyer or their dependent child has experienced family violence during those five years, as evidenced by:

- (i) a family violence order protecting the eligible home buyer or their dependent child; or
- (ii) an injunction made under the *Family Law Act 1975* (Cwlth), section 68B or section 114 in relation to the eligible home buyer or their dependent child; or
- (iii) a competent person declaration made prior to the transaction date by a competent person who has previously consulted with the eligible home buyer or their dependent child as part of the competent person’s professional practice.

Competent person declaration

- 2.37 The Dictionary of the Determination explains that a competent person declaration⁴ is:

... a declaration by a competent person that they have previously consulted with the eligible home buyer, or their dependent child, as part of their professional practice, and they hold a

⁴ The concept of ‘competent person’ and ‘competent person declaration’ is based on the *Residential Tenancies Act 1997* and the *Residential Tenancies Regulation 1998*.

reasonable belief that, the eligible home buyer, or their dependent child, has experienced family violence in the previous 5 years.

2.38 The Explanatory Statement for the Determination explains that a competent person declaration must be:

- made by a professional who has attended to or consulted with the home buyer or their dependent child as part of their professional practice in the prior five years; and
- made before the home buyer enters into a contract to buy the home.

Exemptions based on separation from a domestic partner

2.39 Paragraph (1)(c) of Schedule 1 of the Determination provides that a home buyer's former domestic partner may have owned a property in the five years prior to purchasing the new home if the home buyer is now permanently separated from that partner. This is applicable even if they are not legally divorced and there are no court orders or agreements in place.

2.40 Paragraph (1)(c) states [a former domestic partner's prior property ownership is allowed]:

... if the Commissioner is satisfied-

- (i) there has been a dissolution, annulment or irretrievable breakdown of the relationship; and
- (ii) the eligible home buyer is not cohabitating with the spouse and there is no likelihood of cohabitation being resumed.

Evidentiary documents

2.41 The ACT Revenue Office's 'Codes and supporting documents' webpage explained that home buyers need to complete a statutory declaration with the following information to evidence permanent separation from a domestic partner:

The name of your former spouse/domestic partner

The date of birth of your former spouse/domestic partner

The date you were married or commenced your de facto relationship

The date you separated

Your former spouse/domestic partner's current address (if known)

A statement to the effect that you do not live together and there is no likelihood of cohabitation resuming.

2.42 The webpage advised that home buyers can also evidence their separation using other documents, including:

- applications for divorce;

- orders of a court;
- financial agreements made under the *Family Law Act 1975*;
- binding financial agreements;
- separation agreements;
- mediation agreements; and
- family dispute resolution agreements.

Exemptions to the income requirement

2.43 Schedule 2 of the Determination states that home buyers may exclude the income earned by a prior domestic partner if:

- the home buyer has permanently separated from the domestic partner; or
- the home buyer or their dependent child has experienced family violence by the domestic partner during the prior five years.

2.44 The situations in which permanent separation or experiences of family violence are deemed to have occurred are the same as those for exemptions to the prior property ownership requirement (as described in paragraphs 2.34 to 2.40).

Exemptions to the requirement to live in the purchased home

2.45 Schedule 3 of the Determination states that the requirement to live in the purchased home as a principal place of residence for at least one year can be varied by the Commissioner if the home buyer is unable to live in the home due to unforeseen circumstances.

2.46 Section 3 of Schedule 3 states:

The Commissioner may determine a shorter residence period (including no period), if—

(a) the shorter period is requested, in writing, for an eligible home buyer not later than 18 months after the residence start date; and

(b) the Commissioner is satisfied that the transferee is unable to occupy the eligible property for a continuous period of 1 year because of an unforeseen circumstance.

Example—unforeseen circumstance

A health-related issue.

2.47 Similarly, section 4 of Schedule 3 states that the Commissioner may also approve a later start date to the required one year of residence because of unforeseen circumstances.

2.48 Sections 3 and 4 of Schedule 3 require home buyers to apply for exemptions to the requirement to live in the purchased home within 18 months of the home being occupiable.



2.49 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.

Changes to eligibility requirements

Versions of the Determination

2.50 Since 1 July 2019, there have been nine versions of the Determination. Three versions introduced changes to the requirements for home buyers to:

- not have owned prior property;
- have an income under a specified threshold; and
- live in the purchased home for a specified period.

2.51 No changes have been made to the requirements for home buyers to:

- be at least 18 years-old when they purchase the home; or
- acquire a legal and equitable interest in the purchased home.

2.52 Table 2-1 shows the nine versions of the Determination, the period for which each version is applicable, and the changes made to the eligibility requirements.

Table 2-1 Changes to the HBCS eligibility requirements

Determination	Applicable dates	Changes to eligibility requirements
DI2019-137	01 July 2019 to 15 December 2019	-
DI2019-271	16 December 2019 to 30 June 2021	None
DI2021-172	01 July 2021 to 30 June 2022	None
DI2022-157	01 July 2022 to 30 June 2023	The income threshold was increased from \$160,000 to \$170,000 (plus \$3,330 for each dependent child)
DI2023-163	01 July 2023 to 26 November 2023	None
DI2023-288	27 November 2023 to 30 June 2024	
DI2024-175	01 July 2024 to 26 May 2025	The period in which prior home ownership is not allowed was increased from two to five years The income threshold was increased to \$250,000, plus \$4,600 for each dependent child The definition of income was changed from gross income to assessed taxable income Prior property ownership became allowable for home buyers who had experienced family violence
DI2025-68	27 May 2025 to 30 June 2025	Acceptable evidence of permanent separation from a former domestic partner was expanded to include statutory declarations
DI2025-146	01 July 2025 to present time	Acceptable evidence of experiences of family violence was expanded to include competent person declarations

Source: ACT Audit Office, based on Determinations.

Changes to the no prior home ownership requirement

2.53 The requirement for home buyers not to have owned prior property has been changed to:

- increase the period during which property cannot be owned from two to five years;
- provide exemptions for home buyers who have experienced family violence; and
- provide exemptions for home buyers who have permanently separated from a former domestic partner but have not yet legally separated.

Period in which prior property cannot be owned

2.54 From 1 July 2019 to 30 June 2024, home buyers and their domestic partners were required to have not owned property during the two years prior to purchasing the new home. From 1 July 2024 this was changed to the five years prior.

Experiences of family violence

- 2.55 From 1 July 2024, home buyers became eligible for the HBCS if they had owned a property during the prior five years, but they or their dependent child had experienced family violence during that time.
- 2.56 From 1 July 2024 to 30 June 2025, home buyers were required to have a family violence order or injunction made by a court as evidence of their experience of family violence.⁵
- 2.57 From 1 July 2025, home buyers became able to use a competent person declaration (as described in paragraphs 2.35 and 2.36) as evidence of their experiences of family violence, even if they do not have an order or injunction made by a court.

Separation from a domestic partner

- 2.58 From 27 May 2025, home buyers became able to exclude prior property owned solely by a former domestic partner from whom they have permanently separated, even if they are not legally separated (for example, even if they are not yet divorced). Home buyers can evidence their permanent separation by making a statutory declaration (as described in paragraph 2.41).

Changes to the income requirement

- 2.59 The income requirement has been changed to:
- increase the income threshold;
 - change the definition of income;
 - allow exclusion of a former domestic partner's income for home buyers who have experienced family violence; and
 - allow exclusion of a former domestic partner's income for home buyers who have permanently separated but who are not yet legally separated.

Income thresholds

- 2.60 The income threshold has been changed twice:
- from \$160,000, plus \$3,330 for each dependent child to \$170,000, plus \$3,330 for each dependent child, from 30 June 2022; and

⁵ Sections 130 and 131 of the *Financial Management Act 1996* make provision for the ACT Treasurer to grant 'act of grace' payments or waivers that would not otherwise be authorised by law in 'special circumstances'. Prior to 1 July 2025, these powers have been used in relation to the HBCS in some cases where home buyers who had experienced family violence were unable to meet the evidentiary requirement of a family violence order or injunction made by a court.

- to \$250,000, plus \$4,600 for each dependent child, from 1 July 2024.

Definition of income

2.61 From 1 July 2019 to 30 June 2024, the Determination referred to income as ‘total gross income’, defined as:

income means income from all sources –

(a) other than employment termination payments under the Income Tax Assessment Act 1997 (Cwth), section 82-130, if the payments are made for years of service under a genuine redundancy payment; and

(b) for a self-employed person—including the net trading profit or gain made in the ordinary course of carrying on the person’s business, but not including the business’s turnover.

2.62 The Determination provided examples of sources of income that should be included:

Examples – sources of income

benefits from a salary packaging arrangement

exempt income under the Income Tax Assessment Act 1997 (Cwth), section 6-20

maintenance payments

short-term higher duty payments

short-term second job payments

2.63 From 1 July 2024, the Determination referred to income as ‘income’, defined as:

...

(c) taxable income as evidenced by a notice of assessment from the Commissioner of Taxation; or

(d) if no notice of assessment from the Commissioner of Taxation was made in the previous financial year—gross income.

gross income from all sources—

(a) other than employment termination payments under the Income Tax Assessment Act 1997 (Cwth), section 82-130, if the payments are made for years of service under a genuine redundancy payment; and

(b) for a self-employed person—including the net trading profit or gain made in the ordinary course of carrying on the person’s business, but not including the business’s turnover.

Exclusion of a former partner's income because of family violence

- 2.64 From 1 July 2024, a former domestic partner's income *must* be excluded from consideration for home buyers who have experienced family violence from that partner during the five years prior to purchasing the new home.
- 2.65 From 1 July 2024, experiences of family violence could only be evidenced by an order or injunction made by a court. From 1 July 2025, experiences of family violence were also able to be evidenced by a competent person declaration (as described in paragraphs 2.37 and 2.38).

Exclusion of a former partner's income because of permanent separation

- 2.66 From 27 May 2025, home buyers became able to exclude a prior domestic partner's income if they have permanently separated, even if they are not legally separated (e.g. even if they are not yet divorced). Home buyers can evidence their permanent separation by making a statutory declaration (as described in paragraph 2.41).

Changes to the requirement to live in the purchased home

- 2.67 From 1 July 2024, an additional condition was introduced for home buyers who claim exemptions from the prior home ownership or income requirements because they have experienced family violence during the prior five years. If such an exemption is granted, there is a requirement that the domestic partner referenced in the family violence order, injunction or declaration must not live in the purchased home during the period in which the buyer is required to live there.



- 2.68 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.

3 Communicating and explaining the scheme

- 3.1 This chapter discusses how home buyers can claim conveyance duty concessions through the Home Buyer Concession Scheme and how the ACT Revenue Office communicates and explains the eligibility requirements to home buyers.

Summary



Conclusions

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.



Key findings

Claiming a conveyance duty concession

Paragraph

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

3.9

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 requirements. Like the 'Home buyer concession scheme' webpage, the 'Codes and supporting documents' webpage did not clearly and explicitly state that the ACT 3.54

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 3.92

information about, nor links to, relevant support services, such as community services organisations or financial counselling.

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

Claiming a conveyance duty concession

3.2 Home buyers wanting to claim a conveyance duty concession through the Home Buyer Concession Scheme (HBCS) must self-assess their eligibility and then claim the concession. Home buyers can do this by:

- recording a HBCS concession code in their *Buyer Verification Declaration* at the time of purchasing a home; or
- applying to the ACT Revenue Office for a concession within one year of purchasing a home.

3.3 Approximately 94 percent of home buyers claiming conveyance duty concessions through the HBCS do so by recording concession codes in their *Buyer Verification Declaration* at the time of purchasing a home. The balance of home buyers claim concessions through the HBCS by making an application to the ACT Revenue Office within one year of purchasing a home.⁶

Claiming a conveyance duty concession at the time of purchasing a home

3.4 Home buyers in the ACT must use an online form to submit a *Buyer Verification Declaration* to Access Canberra (actlis.act.gov.au/verificationFormLanding/buyer) by the time the transfer of property title is registered with the ACT Land Titles Office.

3.5 The appropriate HBCS concession code must be recorded in a *Buyer Verification Declaration*. Different codes must be used:

- if home buyers are not requesting exemptions to any eligibility requirements;
- if home buyers are requesting exemptions to prior home ownership or income requirements because they have experienced family violence (from 1 July 2024); or

⁶ During the four financial years 2021-22 to 2024-25, the ACT Revenue Office issued 966 *Notices of Reassessment* with HBCS conveyance duty concessions applied on the basis of applications made within one year of purchasing a home. This is approximately six percent of all concessions claimed through the HBCS during those financial years. The ACT Revenue Office does not have comparable data for the financial years 2019-20 and 2020-21.

- if home buyers are requesting exclusion of a former domestic partner's property ownership or income because of permanent separation from a partner from whom they have not yet legally separated (from 27 May 2025).

When no exemptions to requirements are requested

- 3.6 When home buyers record a code in their *Buyer Verification Declaration* indicating that they are not requesting exemptions to any of the HBCS eligibility requirements the ACT Revenue Office uses an automated process to issue *Notices of Assessment* with the conveyance duty concession applied.
- 3.7 Home buyers who are not requesting exemptions to any of the HBCS eligibility requirements are not required to provide any evidence of their eligibility to the ACT Revenue Office at the time of submitting their *Buyer Verification Declaration*. 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. The ACT Revenue Office does not generally review any information about the home buyers or the property purchase or otherwise examine eligibility for the HBCS before issuing the *Notice of Assessment*.

When exemptions to requirements are requested

- 3.8 When home buyers record a code in their *Buyer Verification Declaration* indicating that they would like to request an exemption from any of the HBCS eligibility requirements the ACT Revenue Office requests documents evidencing their eligibility for the requested exemptions. The ACT Revenue Office also uses information it holds (if this is available) to verify that home buyers:
- have not owned property in the ACT during the prior five years (verified by review of data about property title transfer); and
 - had an assessed taxable income below the eligible threshold in the financial year prior to purchasing the home (verified by review of Australian Taxation Office data, if this is available⁷).



- 3.9 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

⁷ The ACT Revenue Office may not hold data and information relevant to home buyers' income at the time an application is made. In this case, the ACT Revenue Office relies only on the information provided by the home buyers to assess their eligibility.

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

Applying for a conveyance duty concession after purchasing a home

3.10 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.

Application form

3.11 Home buyers must submit an *Application for concession, exemption or correction of duty after registration of title* form using the ACT Revenue Office's online application form (revenue.act.gov.au/self-assessment-tools-and-forms/forms/application-for-concession-exemption-or-correction-of-duty-after-registration-of-title).

3.12 In submitting the application, home buyers declare 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.

Assessment of applications

3.13 When home buyers submit an *Application for concession, exemption or correction of duty after registration of title*, the ACT Revenue Office uses the information provided in the application and information it holds (if this is available) to verify that home buyers:

- have not owned property in the ACT during the prior five years (verified by review of data about property title transfer, if this is available); and
- had an assessed taxable income below the eligible threshold in the financial year prior to purchasing the home (verified by review of Australian Taxation Office data, if this is available⁸).

3.14 Generally, the ACT Revenue Office is unable to assess whether home buyers have lived in the purchased home as their principal place of residence for the required period, as this period has generally not elapsed at the time an application is made.

3.15 The ACT Revenue Office contacts home buyers by email to request any additional or clarifying information required to assess the application.

⁸ The ACT Revenue Office may not hold data and information relevant to home buyers' income at the time an application is made. In this case, the ACT Revenue Office relies only on the information provided by the home buyers to assess their eligibility.

Approval of applications

3.16 Available information establishing that home buyers meet the eligibility requirements for prior home ownership and income is reviewed by a member of the ACT Revenue Office's Operations team. A recommendation to approve or decline the application must be reviewed and approved by a different member of the Operations team, appointed at SOGC level or above.

3.17 For approved applications, the ACT Revenue Office issues *Notices of Reassessment* with the duty concession applied. For declined applications, the ACT Revenue Office issues standard letters explaining the reasons for the decision.



3.18 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.

Applying for variations to the requirement to live in the purchased home

3.19 Home buyers can apply for:

- an exemption from the requirement to live in the purchased home as their principal place of residence for one year (including requesting a shorter period); or
- an extension to the one year in which home buyers are required to begin living in the purchased home.

3.20 Applications must be made within 18 months of the date on which the home was occupiable (i.e. the settlement date for an existing home or the date a certificate of occupancy and use was issued for a newly built home).

Revenue circular GEN011.2 Principal Place of Residence

3.21 The Determination (Schedule 3 – Meaning of residence requirement (3),(4)) states that variations to the requirement to live in the purchased home may be approved when home buyers are experiencing ‘unforeseen circumstances’.

3.22 Revenue circular *GEN011.2 Principal Place of Residence* states:

Where applicable under law, the Commissioner for ACT Revenue may approve alternate residency requirements – that is, extensions of time for commencing occupation and reductions or exemptions in the required period of occupation. Exemptions or extensions can only be granted if applied for, in writing, within 18 months of the completion of an eligible transaction or completion of the construction of a home (whichever is relevant) and the Commissioner is satisfied that they are unable to occupy the eligible property due to unforeseen circumstances.

3.23 The revenue circular provides examples of ‘common scenarios involving circumstances that would not allow an individual to reside in the property’, including:

- events that make the home uninhabitable (such as fire or flood);
- home buyers lose the ability to live independently after purchasing the home (e.g. because they need to live in a healthcare facility or specialist disability accommodation);
- a home buyers’ family member develops health issues requiring them to live elsewhere (e.g. to receive specialist long-term healthcare that is not available in the ACT);
- home buyers receive a compulsory employment transfer outside of the ACT;
- home buyers divorce or separate; or
- there is a serious neighbourhood dispute.

3.24 The circular also provides examples of scenarios that will not be ‘unforeseen circumstances’ including:

- home buyers seek and voluntarily accept an employment transfer outside of the ACT;
- home buyers are unemployed for less than three months;
- the home no longer meets home buyers’ needs (e.g. due to family growth);
- home buyers experience financial difficulties (e.g. increasing mortgage repayments due to rising interest rates); or
- off the plan purchases where minor variations to the plan have been accepted.

Application form

- 3.25 Applications for variation to the requirement to live in the purchased home must be made through an online form (*Requests for Exemptions, Extension or a Reduction from Conditional Requirements of Home Buyer Assistance Schemes*) on the ACT Revenue Office's 'smartforms' website (revenue.act.gov.au/self-assessment-tools-and-forms/smartforms).

Assessment of applications

- 3.26 A member of the ACT Revenue Office's Operations team reviews the application to determine whether the home buyers' circumstances are those described as 'common circumstances that would not allow an individual to reside in the property' in revenue circular *GEN011.2 Principal Place of Residence*. A recommendation to approve or decline the application must be reviewed and approved by a different member of the Operations team, appointed at SOGC level or above.
- 3.27 The ACT Revenue Office issues standard letters to applicants explaining whether the variation has been approved or declined and the reasons for the decision. The letters include information about the process for applicants to obtain further information about the decision, object to the decision or seek review of the decision from the ACT Civil and Administrative Tribunal (ACAT).

Explaining the eligibility requirements

Communication channels

- 3.28 Prior to November 2025, the ACT Revenue Office provided information about Home Buyer Concession Scheme (HBCS) eligibility requirements through:
- standard email responses to home buyers' enquiries; and
 - two ACT Revenue Office webpages;⁹
 - the 'Home buyer concession scheme' webpage (revenue.act.gov.au/home-buyer-assistance/home-buyer-concession-scheme/home-buyer-concessions-from-1-July-2019); and
 - the 'Codes and supporting documents' webpage (revenue.act.gov.au/self-assessment-tools-and-forms/codes-and-supporting-documents).
- 3.29 In November 2025 the ACT Revenue Office implemented new 'Home buyer concession scheme' webpages (revenue.act.gov.au/home-buyer-assistance/home-buyer-concession-scheme). This chapter describes the ACT Revenue Office's webpages and information about

⁹ A separate webpage, the 'Conveyance duty' webpage (revenue.act.gov.au/duties/conveyance-duty) explained conveyance duty and how to claim concessions on conveyance duty through the *Buyer Verification Declaration*. The webpage also provided a conveyance duty calculator and links to the relevant webpages for concession schemes, including the HBCS.

the HBCS that was available on those webpages at the time of audit fieldwork (i.e. prior to November 2025). Further information about work the ACT Revenue Office is progressing to review and update its website, including all webpages relevant to the HBCS, is provided in paragraphs 3.95 to 3.97).

3.30 Home buyers can contact the ACT Revenue Office through its online contact form (revenue.act.gov.au/contact-us) by mail, email or by phone.

3.31 When home buyers contact the ACT Revenue Office by phone, staff in the Operations team (ACT Revenue Office Contact Centre) direct them to the relevant webpages and legislation. Members of the Operations team can guide callers through the information that is relevant to their self-assessment of eligibility for the HBCS but do not provide advice or assessment about their eligibility.

Standard emails

3.32 The ACT Revenue Office uses standard email templates to respond to enquiries about the HBCS. These templates can be adapted as needed by staff in the Operations team to suit the nature of the enquiry. The standard templates include:

- responses to general enquiries about the HBCS;
- responses to enquiries about HBCS eligibility requirements;
- responses to enquiries about making an application for the HBCS after purchasing a home; and
- responses to enquiries about variations to the requirement to live in the purchased home.

3.33 The standard email responses to enquiries about the HBCS direct home buyers to the 'Home buyer concession scheme' webpage or the online application form relevant to the enquiry.

Home buyer concession scheme webpage

3.34 The 'Home buyer concession scheme' webpage in use prior to November 2025 provided information about the HBCS under 11 subheadings. Table 3-1 shows the information that was provided in each section.

Table 3-1 Content of the 'Home buyer concession scheme' webpage

Section	Content
Who is eligible	Provides a brief description of the HBCS eligibility requirements.
Eligible properties	Explains that the HBCS is applicable to all land sites and homes in the ACT.
Prior property interest	Explains the requirement that home buyers have not owned property during the five years prior to purchasing the new home. Provides an example of a situation in which home buyers would not be eligible for the HBCS because they owned prior property. Provides an explanation of some of the situations in which home buyers could be eligible for an exemption from this requirement.
Income thresholds	Explains the requirement for home buyers' income to be under set thresholds and provides tables showing the applicable thresholds.
Concession cap	Shows the maximum concession available in each financial year.
Thresholds	Shows the value of duty payable and concession available for properties of different values.
Residency requirements	Explains the requirement for home buyers to live in the purchased home as their principal place of residence. Provides information about exemptions from eligibility requirements that are available for home buyers who have experienced family violence or permanent separation from a former domestic partner.
Questionnaire	Provides a link to an online questionnaire (revenue.act.gov.au/self-assessment-tools-and-forms/questionnaires/home-buyer-concession-scheme). The questionnaire reiterates the information provided on the 'Home buyer concession scheme' webpage about the HBCS eligibility requirements, in question format.
How to claim	Explains how home buyers can claim a concession, either at the time of purchasing a home, or after purchasing a home.
What happens next?	Explains that home buyers will be issued a <i>Notice of Assessment</i> with the HBCS concession applied. Explains that the ACT Revenue Office may contact home buyers to verify their eligibility, including by requesting evidentiary documents.
Reference material	Provides links to: <ul style="list-style-type: none"> the nine versions of the disallowable instrument establishing the scheme that have been active since 1 July 2019, on the ACT Legislation Register (legislation.act.gov.au); and revenue circular <i>GEN011.2 Principal Place of Residence</i>.

Source: ACT Audit Office, based on revenue.act.gov.au/home-buyer-assistance/home-buyer-concession-scheme/home-buyer-concessions-from-1-July-2019.

Codes and supporting documents webpage

- 3.35 The 'Codes and supporting documents' webpage in use prior to November 2025 provided:
- a list of codes that can be recorded in a *Buyer Verification Declaration* to claim concessions, exemptions or deferrals of conveyance duty; and
 - an explanation of the documents home buyers must keep for five years to evidence eligibility for any concessions, exemptions or deferrals claimed.

Links between webpages

- 3.36 The 'Home buyer concession scheme webpage provided two links to the 'Codes and supporting documents' webpage in the 'Questionnaire' and 'How to claim?' sections. The 'Codes and supporting documents' webpage provided links to the 'Home buyer concession scheme' webpage at the top of the information presented about each concession code.

Links to other contact options

- 3.37 The 'Home buyer concession scheme' webpage and the 'Codes and supporting documents' webpage both included 'Contact us' links at the top left and bottom of the page. These links directed users to the ACT Revenue Office's 'Contact us' webpage, providing an online form, mailing address and phone number.



- 3.38 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.



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.

Explaining home buyer responsibilities

3.39 To understand their responsibilities, and the consequences of non-compliance with the eligibility requirements for the HBCS, it is important for home buyers to understand:

- they are responsible for self-assessing their eligibility;
- they can obtain independent professional advice about their eligibility;
- the ACT Revenue Office does not check their eligibility when they claim a concession by recording a concession code in their *Buyer Verification Declaration*; and
- they must keep copies of specified documents for a minimum of five years.

3.40 It is also important for homebuyers to understand:

- the ACT Revenue Office will check their eligibility after they have received the concession (and this may occur several years later); and
- if they are not compliant with all of the eligibility requirements, they will have to pay the unpaid duty and may also be charged interest and penalty tax.

Communication channels

3.41 The ACT Revenue Office provides information to home buyers about their responsibilities and the potential consequences of non-compliance through:

- the 'Home buyer concession scheme' and 'Codes and supporting documents' webpages;
- *Notices of Assessment and Reassessment*; and
- (for homes purchased after July 2022) a reminder email sent nine months after the home becomes occupiable.

3.42 Additionally, when home buyers submit a *Buyer Verification Declaration* or make an *Application for concession, exemption or correction of duty after registration of title* they are also reminded that, in making that declaration or application, they are declaring the information they have provided to be correct and that they are aware giving false or misleading information is a serious criminal offence.

3.43 As discussed in paragraph 3.30, home buyers can contact the ACT Revenue Office through its online contact form, by mail, email or by phone and will be referred to the information that is relevant to their enquiry (e.g. the relevant webpages). Table 3-2 shows which information about home buyer responsibilities and the potential consequences of non-compliance with the HBCS eligibility requirements was included in different types of communication materials.

Table 3-2 Content of communication materials provided to home buyers

	Home buyer concession scheme webpage	Codes and supporting documents webpage	Notices of Assessment or Reassessment	Reminder email
Home buyers are responsible for self-assessing their eligibility	✓	✓	✗	✓
Home buyers can obtain independent professional advice about their eligibility	✓	✓	✗	✗
The ACT Revenue Office does not check home buyers' eligibility when they claim the concession	✗	✗	✗	✗
Home buyers must keep specified documents for five years	✓	✓	✓	✗
The ACT Revenue Office will check home buyers' eligibility after they claim a concession	✓	✓	✓	✗
Ineligible home buyers must pay the unpaid duty and may also be charged interest and penalty tax	P	✓	✗	✗

✓, this information is included in the communications material; ✗ this information is not included in the communications material; P, part of this information is included in the communications material.

Source: ACT Audit Office.

Home buyer concession scheme webpage

3.44 The 'Home buyer concession scheme' webpage provided information about home buyer responsibilities and the potential consequences of non-compliance with the HBCS eligibility requirements in various places.

'Prior property interest' section

3.45 The 'Prior property interest' section stated:

You are recommended to carefully read the instrument to see if you meet exemption criteria, and/or seek independent financial or legal advice on your proposed transaction to check your eligibility for the HBC.

'Residency requirements' section

3.46 The 'Residency requirements' section stated:

If you do not meet the residency requirements, you will be liable to pay full conveyance duty in relation to the transaction unless an exemption is granted. Penalty tax or interest may also apply if the requirements are not met.

- 3.47 The webpage did not explain that the liability to pay full conveyance duty and potential penalty tax or interest exists for all the eligibility requirements, not just the requirement to live in the purchased home.

'Questionnaire' section

- 3.48 The 'Questionnaire' section stated:

The questionnaire is intended to be used by you as a guide only, to help you better understand whether you may be eligible for any ACT Government home buyer assistance schemes.

If the eligibility assessment result states that you may be eligible, this is indicative only and should not be relied upon as confirmation of eligibility or approval.

Users should use their own judgement in using the eligibility assessment tool and carefully evaluate the accuracy, currency, completeness and relevance of the information it provides.

All concessions and exemption applications at the ACT Revenue Office are self assessed. You are obligated to ensure that all the eligibility criteria have been met (or will be met) before applying for any concession or exemption code in the Buyer Verification Declaration.

You should undertake your own inquiries into the eligibility requirements. This may include obtaining information from this website, legislation, or independent professional advice.

'What happens next?' section

- 3.49 What happens next? section stated:

After you've received your assessment, we may contact you to verify your eligibility for the concession. For example, we may require you to give us copies of any documents that support your eligibility, or we may ask you to prove your residency at the home. You need to keep copies of your supporting documents for at least **five years** after the transaction date.

Please Note: We review claims and conduct investigations into the HBC on an ongoing basis.

- 3.50 The webpage did not explicitly state that the ACT Revenue Office may review home buyers' eligibility for the concession several years after it was claimed.



- 3.51 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.

Codes and supporting documents webpage

3.52 Text at the top of the 'Codes and supporting documents' webpages stated:

If you are eligible for conveyance duty assistance, you can claim the concession on the [Buyer Verification Declaration](#) before you lodge for registration at [Access Canberra](#). Below is a complete list of concession, exemption and duty deferral codes, together with details of supporting documentation to be kept for a period of 5 years after settlement in support of your concession.

All concessions and exemption applications at the ACT Revenue Office are self-assessed. You are obligated to ensure that all the eligibility criteria have been met (or will be met) before applying for any concession or exemption code in the Buyer Verification Declaration.

You should conduct your own inquiries into the eligibility requirements for a concession or exemption. This may include obtaining information from this website, applicable legislation or seeking independent professional advice.

If you think your self-assessment is incorrect after you receive your notice of assessment or you are not certain if you are eligible for the concession granted, please contact this Office on (02) 6207 0028 or email: duties@act.gov.au.

In the event you are found to be ineligible, your failure to notify this Office of your ineligibility to the concession will result in penalty tax and interest being imposed. Lower rates of penalty tax are imposed for voluntary disclosures of tax liabilities.

The ACT Revenue Office regularly conducts compliance checks on eligibility for claimed concessions. The default rate for penalty tax is 25 per cent, though the imposed rate can vary depending on your conduct.

References to dates below in the applicable concessions or exemptions refers to the applicable period that the concession or exemption was available for in relation to the transaction date of the liability.

3.53 This advice was reiterated, using slightly different language, in the 'Home Buyer Concession Scheme – HBC24', 'Home Buyer Concession Scheme (Family Violence) – FVC24' and 'Home Buyer Concession Scheme (Separation from Domestic Partner - Spouse) – DSP25' sections of the webpage.



3.54 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 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

3.55 *Notices of Assessment or Reassessment* with a HBCS concession applied provide information about:

- the requirement to keep documents evidencing eligibility;
- 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.

Requirement to keep documents

3.56 *Notices of Assessment or Reassessment* in use at the time of audit reporting state:

As a concession applies to this transaction, you must keep copies of supporting documents for at least five years after the date of settlement or completion. The required documents to be kept for each concession are listed on the ACT Revenue Office website. You may be contacted by the ACT Revenue Office to verify your eligibility for the concession.

Requirement to live in the purchased home

3.57 *Notices of Assessment or Reassessment* in use at the time of audit reporting state:

This concession also applies on the condition that at least one applicant occupies the home as their principal place of residence for a continuous period of 12 months, beginning within 12 months of settlement or completion of construction. If you cannot meet this requirement because of a change of circumstances, you must advise the ACT Revenue Office in writing as soon as possible. You may be contacted by the ACT Revenue Office to confirm your residency.

Home buyers' rights

3.58 *Notices of Assessment or Reassessment* in use at the time of audit reporting state:

The last page of this notice includes information about your rights to seek further information, lodge an objection, or apply for review to the ACT Civil and Administrative Tribunal.

Data sharing between the ACT Revenue Office and Australian Taxation Office

3.59 *Notices of Assessment or Reassessment* in use at the time of audit reporting state:

The ACT Revenue Office provides and receives information from other State and Territory Revenue Offices and the Australian Taxation Office (ATO) to assist in the accurate assessment of taxation liabilities. The sharing of information with other Revenue Offices and the ATO is permitted under part 9 of the TAA, similar legislation in other States and Territories and under section 355-65, schedule 1 of the Taxation Administration Act 1953 (Cwlth).



3.60 *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.

Proposed new text for *Notices of Assessment or Reassessment*

3.61 The ACT Revenue Office has reviewed the text included in *Notices of Assessment and Reassessment* and proposes to update the template. The proposed template advises home buyers about:

- the requirement to keep documents evidencing eligibility;
- the requirement to live in the purchased home;
- home buyers' rights to obtain further information about a decision or object to a decision;
- data sharing between the ACT Revenue Office and Australian Taxation Office; and
- potential consequences of non-compliance.

3.62 The proposed template states that 'this Assessment is self-assessed based on the concession code or information provided by you or your legal representative' and 'the ACT Revenue Office may conduct compliance checks on eligibility for claimed concessions at any time.'

3.63 However, the proposed template does not clearly and explicitly explain, using unambiguous plain language, that home buyers are responsible for self-assessing their eligibility for the concession, that the ACT Revenue Office has not checked their eligibility at the time the concession is provided, or that such a check may occur several years later.

Reminder email

3.64 From July 2022 the ACT Revenue Office has sent an email and factsheet to home buyers who have claimed a conveyance duty concession through the HBCS to remind them about their responsibility to comply with the eligibility requirements.

3.65 The reminder email is sent nine months after the date of settlement for an established home, or nine months after the date of issue of a certificate of occupancy and use for a newly built home.

- 3.66 The reminder email advises that, to be eligible for the HBCS, home buyers must:
- not have owned prior property during the prior five years;
 - had a taxable income below the applicable threshold; and
 - live in the purchased home as their principal place of residence for the required period.
- 3.67 The email explains that home buyers who will not meet the eligibility requirements must complete an *Application for Concession, Exemption, or Correction of Duty after Registration of Title Form*.

Factsheet

- 3.68 A factsheet is attached to the reminder email. The factsheet provides answers to a series of questions about the HBCS eligibility requirements and advises home buyers who are not compliant with the requirements to contact the ACT Revenue Office immediately. The factsheet states:

Once [the applicable form is] lodged, a revised Notice of Assessment may be sent, and if the concession is removed, full duty may be payable.



- 3.69 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.



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.

Accessibility of communication

3.70 Making communications 'accessible' means ensuring all users can access and understand the information.

Performance standards for accessible communication

3.71 Features of better practice accessible communication are identified in:

- the *Australian Government Style Manual* (Accessible and inclusive content);
- the Australian Government *Digital Service Standard*; and
- the Report of the Commonwealth and ACT Ombudsman, Insights paper *Removing barriers to government services: How to improve service delivery*, January 2025.

3.72 Features of better practice accessible communication that are relevant to communications about the HBCS include:

- using plain language;
- breaking down complex processes into smaller steps;
- providing key information in Easy Read; and
- providing translations into community languages or links to translation services.

Use of plain language

3.73 'Plain language' (also referred to as 'plain English' or 'everyday English') is a style of writing that uses vocabulary and text structure designed to make the meaning as clear as possible to as many readers as possible.¹⁰ Features of plain language include:

- clear sections of text with headings that are easy to understand;
- short sentences (15 to 20 words, one concept per sentence);
- simple, everyday words (avoiding, or clearly explaining, jargon and complex or specialised terms); and
- writing to an appropriate reading level.

3.74 The *Australian Government Style Manual* explains that writing to an Australian Year 7 reading level makes content accessible for most people. This is because approximately half of Australian adults have a reading level at or below year 10 and around one in ten Australian adults have a reading level at or below year 7.

Communications about the HBCS

3.75 The 'Home buyer concession scheme' and 'Codes and supporting documents' webpages are the main way the ACT Revenue Office provides information about the HBCS. The report considers the accessibility of these webpages and provides examples of relevant better practice. Findings made about accessibility of the webpage text are relevant and applicable to all ACT Revenue Office communications about the HBCS, including correspondence with home buyers.

Home buyer concession scheme webpage

3.76 The text on the 'Home buyer concession scheme' webpage was structured into clear sections with headings that were easy to understand. However, the text on the webpage:

- used an average of 20.3 words per sentence;
- used technical, specialist words; and
- was written to an approximately Australian Year 11 reading level (Flesch-Kincaid Grade level 11.9).

Codes and supporting documents webpage

3.77 The text on the 'Codes and supporting documents' webpage was structured into clear sections with headings that were easy to understand. However, the text on the webpage:

¹⁰ *Easy English versus Plain English: A Guide to creating accessible content*. Centre for Inclusive Design. centreforinclusivedesign.org.au.

- used an average of 20.9 words per sentence;
- used technical, specialist words; and
- was written to approximately an Australian Year 12+ reading level (Flesch-Kincaid Grade level 14.7)

Vocabulary

3.78 Two specific features of the language used on the 'Home buyer concession scheme' and 'Codes and supporting documents' webpages that limited accessibility were:

- 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.

Words with different legal and common use meanings

3.79 Words that have different legal and common use meanings could be confusing to home buyers. Such words used on the ACT Revenue Office's webpages include:

- **legal or equitable interest** (for most home buyers, this means having owned a home or land site, whereas in common usage 'interest' has many possible meanings and may not be associated with the concept of property ownership);
- **instrument** (this means the disallowable instrument that establishes the practical details of the scheme, however most home buyers would not be familiar with the term 'disallowable instrument' and thus may not associate the term instrument with the Determination); and
- **residency** requirements (this means the requirement to live in the purchased home, however, in common usage, especially among new migrants to Australia, 'residency' means a person's legal right to live in Australia).

Words that are not defined

3.80 Words that have a specific legal meaning in relation to the HBCS could be confusing to home buyers if they are not defined. Words that were not clearly or fully defined on the ACT Revenue Office's webpages include:

- domestic partner;
- assessed taxable income;
- gross income;
- transaction date;
- settlement date; and
- 'sealed' court orders or injunctions.



3.81 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:

- 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.

Explaining complex processes

3.82 A feature of better practice accessible communication is explaining complex processes by breaking these down into smaller steps, including by using visual representations or checklists.

Home buyer concession scheme webpage

3.83 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:

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

Questionnaire

3.84 The 'Home buyer concession scheme' webpage did provide an online questionnaire, which was intended to support home buyers' self-assessment. However, as the questionnaire reiterated the information provided on the 'Home buyer concession scheme' webpage about the HBCS eligibility requirements, in question format, its accessibility was limited in the same way as the information on the webpage itself.



3.85 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:

- 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.

Easy Read versions of key information

- 3.86 A feature of better practice accessible communication is that key information is presented in Easy Read format and/or links to services for people with low literacy are provided. 'Easy Read' (also referred to as 'Easy English') is a style of writing that uses short sentences and images designed to make information accessible to readers with lower literacy.
- 3.87 The ACT Revenue Office does not provide an Easy Read version of key information about the HBCS and the ACT Revenue Office webpages did not include links or information directing people with lower literacy to relevant support services (e.g. community services organisations or financial counselling services).
- 3.88 The 'Home buyer concession scheme' webpage and the 'Codes and supporting documents' webpage included a 'Accessibility' link at the bottom of the webpage. This link directed the user to a 'Accessibility' webpage providing information about the ACT Government's commitment to web accessibility.

Translation into community languages

- 3.89 A feature of better practice accessible communication is that key information is translated into community languages or links to translation services are provided.
- 3.90 The 'Home buyer concession scheme' webpage and the 'Codes and supporting documents' webpage included a 'Languages' link at the bottom of the webpage. This link directed the user to a 'Languages' webpage providing the phone number for the Translating and Interpreting Service (TIS National). This is a free service provided by the Australian Government.
- 3.91 The 'Home buyer concession scheme' webpage and the 'Codes and supporting documents' webpage do not include in-built language translation functions and do not provide links to relevant support services (for example, community services organisations or financial counselling services).



- 3.92 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.



- 3.93 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.



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.

Review and updating of ACT Revenue Office webpages

3.94 At the time of audit reporting, the ACT Revenue Office was reviewing and updating its website. The ACT Revenue Office advised that this work is intended to:

- modernise the website's information architecture to deliver clearer navigation, improved search functionality, logical content structure and simplified layout;
- align with ACT Government design and branding standards and templates; and
- deliver an accessible, user-centred website through mobile-first design, the use of plain language, application of the Australian Style Manual and adherence to the WCAG 2.1AA accessibility standard.

3.95 From 24 November 2025, webpages providing information about the 'Home Buyer Concession Scheme' (now accessible from revenue.act.gov.au/home-buyer-assistance/home-buyer-concession-scheme) have been updated to provide more information about:

- the HBCS eligibility requirements;
- home buyers' responsibilities in self-assessing their eligibility and claiming a concession;
- the process of claiming a concession; and
- the potential consequences of non-compliance with the eligibility requirements.

- 3.96 The website also provides a redesigned version of the online eligibility questionnaire.
- 3.97 The report did not consider the effectiveness of the updated webpages implemented from November 2025. Ongoing, continuous review and improvement of the ACT Revenue Office website will be required to ensure that information about the HBCS remains complete and is fully accessible to all home buyers.

4 Conducting investigations

4.1 This chapter discusses the ACT Revenue Office's activities to:

- use data-matching to identify potential non-compliance with the Home Buyer Concession Scheme eligibility requirements; and
- conduct investigations to verify non-compliance.

Summary



Conclusions

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.



Key findings

Data-matching

Paragraph

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

4.56

warnings about the potential consequences of not supplying the requested information.

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 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. 4.80

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

Data-matching

- 4.2 The ACT Revenue Office conducts an ongoing tax compliance program to identify instances where ACT taxpayers are not compliant with their tax obligations. In doing so, it uses data-matching to identify potential non-compliance.
- 4.3 The ACT Revenue Office began developing internal capability to use data-matching to identify potential non-compliance with ACT tax obligations in 2016. From 2022 the Office

began using data-matching to identify potential non-compliance with payment of conveyance duty, including for the HBCS.

Property activity dataset

4.4 The ACT Revenue Office's tax compliance program is based on a property-centric, chronological activity dataset for homes and land sites in the ACT (the 'Person Property Chronology Dataset', PPCD). This property-activity dataset is created by linking data from multiple sources, including:

- the ACT Revenue Office's list of all ACT residential land sites;
- the ACT Revenue Office's list of ACT taxpayers;
- data held by the ACT Land Titles Office about property ownership and sales;
- data held by the ACT Revenue Office about listing of rental properties and lodging of rental bonds;
- data held by the ACT Revenue Office about utilities connections to ACT properties (electricity, gas and water accounts); and
- data provided by the Australian Taxation Office (ATO) about income and domestic partnerships that has been reported for tax purposes.

4.5 The ACT Revenue Office uses the property-activity dataset to identify instances where home buyers who claimed a duty concession through the HBCS may have:

- owned a property in the ACT in the two to five years prior to claiming a concession;¹¹
- had an income higher than the eligible threshold in the financial year prior to purchasing the new home; or
- not lived in the purchased home as their principal place of residence.

Risk management

Risks

4.6 There are inherent risks in linking and matching data from multiple sources to create the property-activity dataset, including risks of:

- failing to match data about properties or people because the addresses or names are recorded in different formats in different data sources;
- incorrectly linking data about different people because they have the same name, same date of birth or have lived at the same address;

¹¹ Two years for homes purchased prior to 1 July 2024 and five years for homes purchased from 1 July 2024 onwards.

- incorrectly linking data about different properties because they have similar addresses (e.g. units in a multi-unit complex); and
- incorrectly linking data about properties and people (e.g. a person and a property that do not overlap chronologically).

Risk controls

4.7 The ACT Revenue Office mitigates these risks by:

- converting addresses and names into standard formats that can be accurately matched;
- creating unique numeric identifiers for properties and people;
- identifying 3-point data-matches (e.g. identifying instances where a name, an address and a date all match);
- iteratively testing results to adjust risk tolerances (e.g. using investigation to test potential non-compliance identified by data-matching); and
- applying a risk rating to potential instances of non-compliance, based on the likelihood of true non-compliance being identified.

Documentation

4.8 Design and use of the property-activity dataset is documented in:

- system design documentation for the dataset as a whole; and
- solution designs for different compliance risks (recording which data tables are to be used to obtain each type of data and how the tables are to be linked to facilitate data-matching).

Prior home ownership

4.9 To identify home buyers who owned property in the two to five years prior to buying the new home, the ACT Revenue Office uses data about:

- property ownership in the ACT (property titles and rates accounts);
- domestic partnerships reported to the ATO; and
- rental income reported to the ATO.

4.10 The ACT Revenue Office uses data provided by the ATO about reported domestic partnerships and rental income to test for evidence of property ownership outside of the ACT.

Income

4.11 To identify home buyers whose income exceeded the eligible threshold, the ACT Revenue Office uses data provided by the ATO to identify:

- the reported income for home buyers and their domestic partners in the financial year prior to purchasing the new home; and
- their average total and average minimum reported income for all available financial years prior to purchasing the home.

Risk rating

4.12 All instances where home buyers may potentially have earned a higher income than the applicable threshold are assigned a numerical risk rating based on:

- the home buyers' income being above the allowed threshold for a household with five or more dependent children (i.e. being above the maximum allowable income threshold); and
- the home buyers' income being above the allowed threshold for multiple methods of calculating income in multiple financial years.

4.13 For example, the assessed taxable income threshold for a home purchased on 1 August 2025 for home buyers without dependent children is \$250,000 and with five dependent children is \$273,000. If a home buyer and their domestic partner reported income of \$290,000 in 2023-24 and \$280,000 in 2024-25, this would generate a higher risk rating because the home buyers' income has been above the maximum allowed threshold for multiple financial years. If a home buyer and their domestic partner reported income of \$255,000 in 2023-24 and \$240,000 in 2024-25, this would generate a lower risk rating because their income has been above the minimum allowed threshold in only one financial year.

Living in the purchased home

4.14 To identify home buyers who do not live in the purchased home as their principal place of residence for the required time, the ACT Revenue Office uses data about:

- transfer of property titles, advertising of rental properties, lodgement of rental bonds and utilities connections in the ACT; and
- rental income reported to the ATO.



4.15 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.

Investigations

4.16 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 internal review of information obtained using data-matching, and if necessary, an investigation to verify any potential non-compliance identified through data-matching.

Procedural guidance

4.17 Before 2025 the ACT Revenue Office did not have formal procedural guidance explaining how investigations into non-compliance with the HBCS eligibility requirements should be conducted. Instead, investigators learned how to conduct investigations through:

- training modules;
- oversight by team leaders and supervisors; and
- professional learning and sharing among staff.

4.18 At the time of audit reporting the ACT Revenue Office was developing procedural guidance explaining how investigators should conduct investigations into potential non-compliance with the HBCS eligibility requirements, including how investigators should communicate with home buyers during investigations. The ACT Revenue Office advised that this guidance is intended to be general in nature and that decisions made by investigators during investigations will continue to be made on a case-by-case basis, with the support of guidance provided by revenue circulars and legislation.

Investigation process

4.19 The ACT Revenue Office's process for investigating potential non-compliance with the HBCS eligibility requirements consists of:

- team leaders prioritising and assigning cases of potential non-compliance identified through data-matching to investigators;
- investigators reviewing data and information held by the ACT Revenue Office;
- investigators communicating with home buyers to verify information held by the ACT Revenue Office and obtain additional information;
- investigators preparing a *Taxpayer Summary Report* recommending the amount of unpaid duty to be recovered and the rate of interest and penalty tax to be charged;

- supervisors reviewing and approving the *Taxpayer Summary Report*; and
- investigators issuing *Notices of Reassessment* for unpaid conveyance duty, interest and penalty tax.

Prioritisation and allocation of cases

4.20 At any one time the ACT Revenue Office is conducting approximately 50 investigations into cases of potential non-compliance with HBCS eligibility requirements.

4.21 Cases of potential non-compliance identified through data-matching are assigned to investigators on the basis of:

- a risk rating generated by the compliance test (with the higher-rated cases given higher priority); and
- the age of the non-compliance (with the older cases given higher priority).

4.22 Team leaders are responsible for assigning cases of potential non-compliance to investigators. Team leaders use their professional judgement to assign more complex cases to more experienced investigators.



4.23 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.

Communication with home buyers

4.24 Investigators collate and review all of the data and information held by the ACT Revenue Office about home buyers' property ownership, income and residence in the purchased home to verify the likelihood of non-compliance and prepare correspondence to be sent to home buyers accordingly.

Changes to communication processes

4.25 At the time of audit reporting the ACT Revenue Office was reviewing and updating its compliance investigation processes. From April 2025 the ACT Revenue Office has begun implementing new processes for communication with home buyers who may be non-compliant with the HBCS eligibility requirements.

- 4.26 Figure 4-1 shows the processes used for communication with home buyers before April 2025 and the new processes being implemented from April 2025.
- 4.27 The figure shows the minimum required communications with home buyers that were or are required by the ACT Revenue Office's procedural guidance. The ACT Revenue Office advised that, in practice, additional phone calls also typically occurred and continue to occur alongside the required emails and letters.
- 4.28 Before April 2025, the ACT Revenue Office's first communication with home buyers was an investigation letter. From April 2025, the ACT Revenue Office has introduced a request for information letter, which is sent before an investigation letter. The ACT Revenue Office has also:
- increased the time allowed for home buyers to reply to correspondence;
 - introduced a requirement for investigators to contact home buyers by phone; and
 - increased the time within which unpaid duty and any associated penalties must be paid.

Figure 4-1 Communication with home buyers

Communication with home buyers (prior to April 2025)	Communication with home buyers (after April 2025)
<p style="text-align: center;">Investigation letter</p> <p>Sent to home buyers by email, accompanied by a copy of the applicable Determination</p> <p style="text-align: center;">Response was due in three weeks</p>	<p style="text-align: center;">Request for information letter</p> <p>Sent to home buyers by email, accompanied by a questionnaire, factsheet and copy of the applicable Determination¹²</p> <p style="text-align: center;">Response is due in four weeks</p>
<p style="text-align: center;">Reminders</p> <p>Minimum of two reminder emails and one copy of the letter sent by mail</p>	<p style="text-align: center;">Reminders</p> <p>Minimum of two reminder emails, one copy of the letter sent by mail and one phone call</p>
<p style="text-align: center;">Notice of Reassessment</p> <p>If non-compliance was verified a <i>Notice of Reassessment</i> was sent by email and mail</p> <p style="text-align: center;">Duty and any associated penalties were payable in 21 days</p>	<p style="text-align: center;">Notice of Reassessment</p> <p>If non-compliance is verified a <i>Notice of Reassessment</i> is sent by email and mail</p> <p style="text-align: center;">Duty and any associated penalties are payable in eight weeks</p>
	<p style="text-align: center;">If no response or an insufficient response is received</p>
	<p style="text-align: center;">Investigation letter</p> <p>Sent to home buyers by email, accompanied by a questionnaire and copy of the applicable Determination</p> <p style="text-align: center;">Response is due in three weeks</p>
	<p style="text-align: center;">Reminders</p> <p>Minimum of two reminder emails, one copy of the letter sent by mail and one phone call</p>
	<p style="text-align: center;">Notice of Reassessment</p> <p>If non-compliance is verified a <i>Notice of Reassessment</i> is sent by email and mail</p> <p style="text-align: center;">Duty and any associated penalties are payable in eight weeks</p>

Source: ACT Audit Office, based on information provided by the ACT Revenue Office.

¹² The disallowable instrument applicable at the time the concession was claimed.

Investigation letter

- 4.29 Before April 2025 the investigation letter advised that an investigation was being conducted and requested information about home buyers' compliance with the HBCS eligibility requirements. The letter was accompanied by a copy of the applicable disallowable instrument.

Section 82 of the Taxation Administration Act 1999

- 4.30 The investigation letter was issued under section 82 of the *Taxation Administration Act 1999* (TAA). Section 82 allows the Commissioner to ask taxpayers for information or documents relevant to a formal tax notice (in the case of the HBCS, a *Notice of Assessment* or *Reassessment*). The TAA requires that the taxpayer comply with this request.

Investigation letter

Mode of delivery

- 4.31 The investigation letter was typically sent to home buyers by email.¹³ For email correspondence, the ACT Revenue Office uses the email address identified as being the most recent and reliable based on the information held by the ACT Revenue Office. For example, this might be the most recent email address identified through interactions with the Office for transfer of property titles, payment of rates or utilities connections.
- 4.32 No phone call was required to be made to home buyers either before the investigation letter was sent or immediately afterwards. However, the ACT Revenue Office advised that investigators do typically receive and respond to phone calls made by home buyers when they have questions about the letter.

Reminders

- 4.33 If no response to the investigation letter was received within approximately two weeks, investigators were required to send a minimum of two reminders by email and a copy of the letter by mail.

Response time

- 4.34 Home buyers were asked to provide the requested information within three weeks. If home buyers requested an extension to the time allowed for their response, this was usually granted and was confirmed by letter.

¹³ The ACT Revenue Office uses the best available contact information when corresponding with home buyers. This is typically an email address, but may also be a postal address.



4.35 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.

Accessibility of the investigation letter

Content of investigation letter

4.36 The investigation letter stated:

The ACT Revenue Office is investigating your acquisition of [address] and the claimed concession from conveyance duty under the Home Buyer Concession Scheme [concession code].

4.37 The investigation letter referenced the applicable disallowable instrument and provided a summary of the HBCS eligibility requirements.

4.38 The investigation letter stated:

Pursuant to section 82 of the TA Act, you are required to answer the following questions:

...

Your response, including any related documents, is required by [date] to compliance@act.gov.au.

Failure to supply the above information by the due date may result in the imposition of up to 90 per cent penalty tax in respect of a tax default.

Please note, giving false or misleading information is a serious offence.

Content of first reminder letter

4.39 If home buyers did not respond to the investigation letter within approximately two weeks, a reminder letter was sent by email and mail.

Content of final reminder email

4.40 If home buyers did not respond to the investigation letter or the reminders, a final reminder email was sent on the day the response was due, stating:

I refer to the section 82 notice sent on [date of issue].

Your response was due on [date response was due], and you are now in breach of this notice.

You must provide the Commissioner with an update by close of business **today**.

A failure to supply the requested documentation may result in the imposition of up to 90 per cent penalty tax, should a tax liability exist.

Contact options

4.41 The letter provided a name, email address and phone number for the responsible Compliance Officer and stated:

If you have any questions or would like to discuss this matter, please contact me on [phone number] or email compliance@act.gov.au.

Use of plain language

4.42 The investigation letter and reminders were complex and used specialist and technical language such as:

- ‘in respect of a tax default’;
- ‘relinquished that interest as per’;
- ‘corroborate your position’;
- ‘corroborate your statement’; and
- ‘satisfactory substitution’.

4.43 The investigation letter and reminder correspondence did not include, and were not accompanied by, a plain language explanation of the HBCS eligibility requirements or a plain language explanation of the purpose of the letter.

Information about support services

4.44 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 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.

Request for information letter

4.46 From April 2025 the ACT Revenue Office's first communication with home buyers is now a letter requesting information about their compliance with the HBCS eligibility requirements.

Mode of delivery

4.47 The request for information letter is sent to home buyers by email. The request for information consists of an:

- email;
- attached letter;
- attached questionnaire;
- attached fact sheet; and
- attached copy of the applicable disallowable instrument.

Reminders

4.48 If no response to the request for information letter is received within two weeks, investigators are required to send a minimum of two reminders by email and a copy of the letter by mail. Investigators are also required to make a minimum of one phone call to the home buyers.

Response time

4.49 Home buyers are asked to provide the requested information within four weeks. If home buyers request an extension to the time allowed for their response, this is granted and confirmed by letter.



4.50 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.

Accessibility of the request for information letter

Content of request for information letter

4.51 The request for information letter states:

The ACT Revenue Office has identified that you may have a duty liability in relation to the Home Buyer Concession (HBC) claimed for the above property. The HBC scheme is a concession scheme to help people buy a home or residential land.

4.52 The letter then explains the eligibility requirements that were applicable when the concession was claimed and states:

In this instance, we are mainly seeking information in relation to the [prior property ownership/income threshold/residency/age requirement]. 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. Please fill out this form even if you do not consider a duty liability exists and provide information on other requirements if it is relevant to your eligibility.

This email is not a tax reassessment. At this stage, you do not owe the ACT Revenue Office anything and we will not take any debt recovery action on this matter. No other parties, such as other ACT Government agencies, have been informed this letter has been sent to you.

4.53 Unlike the investigation letter used prior to April 2025, the request for information letter does not refer to an investigation, information being requested under section 82 of the TAA, imposition of penalty tax of up to 90 percent or provide a warning that giving false or misleading information is a serious offence.

Contact options

4.54 The letter includes an email address, phone number and mail address for the responsible investigator. The covering email also states:

Should you have any questions, please do not hesitate to contact me.

Use of plain language

4.55 Although the content of the request for information letter is different to the investigation letter, it still uses technical, specialist language and makes limited use of plain language. Examples of technical, specialist language used in the request for information letter include:

- using the terms 'duty liability' and 'undischarged liability' to describe a home buyer having claimed a duty concession that they may not be eligible for;
- using both the terms 'applicants' and 'transferees' to describe home buyers; and

- using the term ‘tax reassessment’ to describe a situation in which home buyers are not eligible for the duty concession they claimed and would thus become liable to pay the duty.



4.56 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.

Questionnaire

4.57 A questionnaire applicable to the nature of the potential non-compliance is attached to the email.

4.58 If the potential non-compliance is in relation to prior property ownership, the questionnaire asks questions about home buyers’ ownership of the purchased home, prior property ownership and domestic partnerships.

4.59 If the potential non-compliance is in relation to income, the questionnaire asks questions about home buyers’ income, domestic partnerships and dependent children and asks for relevant documents to be provided.

4.60 If the potential non-compliance is in relation to living in the purchased home, the questionnaire asks questions about home buyers’ occupancy of the purchased home.

Accessibility of the questionnaire

4.61 The questionnaires use technical, specialist language and make limited use of plain language. Examples of technical, specialist language used in the questionnaires include:

- ‘equitable interest criterion’;
- ‘income threshold criterion’;
- ‘relinquished’;
- ‘principal place of residence’; and
- ‘ceased residency’.

Fact sheet

4.62 The *Fact Sheet – Duty Concession* provides answers to the following questions:

1. Why did I receive this request?
2. Where is the relevant legislation?
3. I held a property interstate (or overseas) within five years of exchanging contracts on my purchase.
4. Explain the income requirement?
5. What is the previous financial year?
6. What is the income threshold?
7. I rented or sold the property within 12 months of purchase.
8. What is a principal place of residence?
9. I have met the residence requirement, but it seems I have not met the income criteria and/or I have a prior interest in property.

Accessibility of the fact sheet

4.63 Like the request for information letter and the questionnaires, the fact sheet uses some technical, specialist language and makes limited use of plain language.

4.64 The request for information letter does not include information about support services that can help home buyers understand the correspondence and respond to it.

4.65 The ACT Revenue Office advised that it is continuing work to review and improve the correspondence templates used in relation to the HBCS.



4.66 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.

Investigation letter

- 4.67 If no response, or an incomplete response, is received to the request for information letter, an investigation letter is issued. The investigation letter is sent by email with a copy of the applicable questionnaire(s).

Reminders

- 4.68 If no response to the investigation letter is received, investigators are required to send a minimum of two reminders by email and make one phone call before proceeding to issue a *Notice of Reassessment*.

Response time

- 4.69 Home buyers are asked to provide the requested information within three weeks. If home buyers request an extension to the time allowed for their response, this is typically granted and confirmed by letter.

Content of investigation letter

- 4.70 Similarly to the investigation letter used prior to April 2025, the letter advises that the ACT Revenue Office is investigating home buyers' compliance with the HBCS eligibility requirements and requests relevant documents and information.

Content of questionnaire

- 4.71 Questionnaires are the same as those used with the request for information letter, except that they include a declaration:

I _____ on _____ declare and affirm all the information and supporting documentation provided is true and correct to the best of my knowledge.

Failure to provide the required information, or the provision of false or misleading information, may result in penalties of up to 90 per cent being applied to a tax default.



- 4.72 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*.

Notices of Reassessment

4.73 The ACT Revenue Office issues a *Notice of Reassessment* for unpaid duty, interest and penalty tax when:

- home buyers provide information that verifies their non-compliance with the HBCS eligibility requirements; or
- home buyers do not respond to the request for information or investigation letter, or do not provide a sufficient response, and the information held by the ACT Revenue Office is sufficient to demonstrate that they are non-compliant with the HBCS eligibility requirements.

4.74 *Notices of Reassessment* provide:

- a table showing the value of the duty, interest and penalty tax payable;
- an explanation of the reasons for the decisions made about unpaid duty, interest and penalty tax;
- available payment options; and
- information about home buyers' rights to ask for more information or object to a decision.

Payment options

4.75 *Notices of Reassessment* in use at the time of audit reporting include information about options for paying the money owed in a section titled 'Debt Management'. This section advises home buyers that:

- they may be able to access a payment plan; and that
- no further debt recovery actions will happen if a payment plan is in place.

Home buyers' rights

4.76 *Notices of Reassessment* in use at the time of audit reporting include a section titled 'Objection Rights'. This section states:

Please refer to the attached Internal Review Notice for information relating to your objection rights, including access to documents and the ACT Civil and Administrative Tribunal (ACAT).

Please note the existence of an objection or an appeal does not impact or defer your obligation to pay a disputed assessment or liability. Interest will continue to accrue during the period in which an objection or appeal is being determined.

4.77 The *Internal Review Notice* that accompanies *Notices of Reassessment* explains that home buyers have the right to:

- ask for more information about the decisions within 28 days of the date of the notice;
- object to the decisions within 60 days of the date they receive the notice; and
- ask the ACT Civil and Administrative Tribunal to review the outcome of an objection.

Payment terms

4.78 Prior to April 2025, home buyers who received *Notices of Reassessment* for unpaid conveyance duty were required to pay the unpaid duty, and any associated interest and penalty tax, within 21 days.

4.79 On 21 March 2025, the Minister for Finance provided approval to the ACT Revenue Office to increase the time allowed for payment from 21 day to eight weeks. This change was implemented for *Notices of Reassessment* issued to home buyers from April 2025.



4.80 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 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.



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.

Quality assurance for investigations

4.81 The ACT Revenue Office does not have an internal audit or quality assurance program designed to test whether compliance investigations are conducted consistently and according to requirements, including whether:

- communications with home buyers are conducted as required;

- requests for extensions of time to respond are handled consistently; or
- home buyers' needs for more information or explanation are consistently met.

4.82 The ACT Revenue Office requires that internal reports summarising the results of investigations and recommending actions to be taken are approved by an investigator with supervisory responsibilities (discussed further in paragraph 5.17). The ACT Revenue Office also requires that staff complete relevant training modules and make use of oversight by team leaders and supervisors and professional learning and sharing among staff to ensure compliance investigations are conducted consistently and as required.



4.83 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.

5 Charging interest and penalty tax

- 5.1 This chapter discusses the ACT Revenue Office's activities to determine rates of interest and penalty tax to be charged on unpaid conveyance duties.

Summary



Conclusions

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.



Key findings

Imposition of interest and penalty tax

Paragraph

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

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recommended to be recovered, or where significant penalties are recommended, to be escalated to more senior staff for review or approval.

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 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'. 5.30

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 5.38

specified in the Commissioner's letter advising them of the investigation, or any longer period subsequently approved by the Commissioner.'

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 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 begun 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. 5.46

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 5.66

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.

Imposition of interest and penalty tax

- 5.2 The *Taxation Administration Act 1999* (TAA) allows interest and penalty tax to be charged on unpaid tax and sets different rates of interest and penalty tax that can be charged in different circumstances.
- 5.3 Appendix A sets out the relevant provisions for determining the applicable rates of interest and penalty tax.
- 5.4 The ACT Revenue Office provides guidance to investigators about determining the rates of interest and penalty tax that are applicable to home buyers who are found to be ineligible for the HBCS and are required to pay unpaid conveyance duty through:
- revenue circulars; and
 - internal procedural guidance.

Revenue circulars

- 5.5 Revenue circulars provide guidance to taxpayers about how the ACT Revenue Office administers ACT tax laws, concessions and exemptions. Revenue circulars do not have the force of law, nor do they constitute legal advice.
- 5.6 Guidance about deciding rates of interest and penalty tax to be charged on unpaid conveyance duty is provided by:
- *Revenue Circular GEN009.4 Interest - Taxation Administration Act 1999 and tax laws* (effective 10 December 2019); and
 - *Revenue Circular GEN006.3 Penalty Tax – Taxation Administration Act 1999* (effective 1 July 2019).
- 5.7 Revenue circulars *GEN009.4 Interest* and *GEN006.3 Penalty Tax* explain:
- the purpose of charging interest and penalty tax;
 - the responsibilities of the taxpayer in managing their tax obligations; and

- the responsibilities of the Commissioner in setting rates of interest and penalty tax, and the factors and circumstances the Commissioner will consider in doing so.

Purpose of interest and penalty tax

5.8 Revenue circulars *GEN009.4 Interest* and *GEN006.3 Penalty Tax* state that the purpose of interest and penalty tax is to:

- deter non-compliance by making it unprofitable for taxpayers;
- promote equity among taxpayers by ensuring that those who meet their obligations are not disadvantaged in comparison with those who do not;
- encourage the full and immediate disclosure of any tax default;
- encourage the payment of tax liabilities by the due date; and
- compensate the government for being denied the use of funds to which it is entitled.

5.9 Revenue circular *GEN006.3 Penalty Tax* also states that:

The penalty tax provisions are applied with the intent that the level of penalty should match the degree of culpability, and that voluntary compliance should be encouraged.

Responsibilities of the taxpayer

5.10 Revenue circulars *GEN009.4 Interest* and *GEN006.3 Penalty Tax* state that taxpayers are expected to:

- exercise reasonable care in the calculation and timely payment of their tax liabilities;
- inform themselves of their obligations under tax laws; and
- comply with those obligations in a timely fashion.

5.11 The revenue circulars also state that:

Taxpayers are also encouraged to declare voluntarily, any tax liabilities as soon as they are known.

Responsibilities of the Commissioner

5.12 Revenue circulars *GEN009.4 Interest* and *GEN006.3 Penalty Tax* provide that:

The Commissioner exercises the discretionary powers under [interest provisions/penalty tax provisions] to meet current standards of ethical, fair and reasonable tax administration.

On that basis, the Commissioner applies [interest/penalty tax] in accordance with this circular except where a strict application would produce an unreasonable or inconsistent outcome.

A practice stated in this circular may be varied by the Commissioner in light of all the circumstances of a particular case.

5.13 The revenue circulars also state that:

The Commissioner presumes that taxpayers have dealt with their tax affairs openly and honestly, unless evidence suggests otherwise.

Taxpayer Summary Reports

5.14 The responsible investigator must prepare a *Taxpayer Summary Report* for each investigation conducted.

5.15 When non-compliance with the HBCS eligibility requirements has been verified, the *Taxpayer Summary Report* must provide:

- the names of the home buyers;
- the date of purchase, settlement and registration for the purchased home;
- the value of the concession provided;
- the title of the applicable disallowable instrument;
- a summary of all correspondence sent to and received from home buyers;
- whether or not home buyers have agreed that they were non-compliant;
- an explanation of the nature of the non-compliance and the evidence for this; and
- a recommendation for the amount of unpaid conveyance duty to be recovered and the rates of interest and penalty tax to be charged.

5.16 The *Taxpayer Summary Report* template provides guidance to investigators explaining how the template should be completed and how applicable rates of interest and penalty tax should be determined.

Approval by supervisor

5.17 The ACT Revenue Office has adopted the practice of requiring that *Taxpayer Summary Reports* be approved by an investigator with supervisory responsibilities. Typically reports are reviewed and approved by an investigator's direct supervisor or by a team leader.

Escalation for senior review

5.18 The ACT Revenue Office does not have any specific requirements for *Taxpayer Summary Reports* where matters are complex or sensitive, such as where taxpayers may be more vulnerable or where significant amounts of money are recommended to be recovered, to be escalated to senior staff for review and approval. However, the ACT Revenue Office

advised that, as a matter of practice, more complex or sensitive matters would typically be raised in regular team meetings and discussed with more experienced or more senior staff before being approved by an investigator.



- 5.19 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.

Reductions of interest and penalty tax

Reasonable care to comply with tax law

Taxation Administration Act 1999

- 5.20 Paragraph 31(5)(a) of the TAA 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 the tax law.

Revenue circular GEN006.3 Penalty tax

- 5.21 Revenue circular *GEN006.3 Penalty Tax* explains that in determining whether a taxpayer has taken ‘reasonable care’ to comply with tax law, the Commissioner may consider whether the taxpayer:

- kept complete and accurate records;
- made diligent efforts to understand and comply with the law;
- sought expert advice on uncertain or complex matters;
- was honest and open in their dealings with the ACT Revenue Office; and
- put in place appropriate processes to ensure compliance with tax laws.

5.22 The revenue circular also provides examples of situations in which a taxpayer may be considered to have taken 'reasonable care':

- the taxpayer had taken reasonable steps to be aware of his or her taxation obligations by seeking professional advice, and applied the advice in good faith;
- the taxpayer had applied any Revenue Circulars in good faith;
- the taxpayer had properly maintained appropriate and complete records.

5.23 The revenue circular explains that:

A failure by a professional advisor to take reasonable care does not excuse the taxpayer. Further, evidence by the taxpayer that the taxpayer sought advice from a professional advisor is not of itself sufficient to reduce a penalty.



5.24 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.

Taxpayer Summary Report template

Taxpayer Summary Report template in use prior to April 2025

5.25 The *Taxpayer Summary Report* template used by the ACT Revenue Office prior to April 2025 provided standard text and guidance about applicable rates of penalty tax, including:

- that the standard rate of penalty tax for a tax default is 25 percent;
- that home buyers who were not compliant with the HBCS eligibility requirements had not taken reasonable care to comply with the tax law and should therefore be charged penalty tax of 25 percent;
- that penalty tax of 50 percent may be applicable, depending on the circumstances of the non-compliance; and
- if home buyers had taken reasonable care to comply with tax law this must be adequately evidenced.

5.26 The *Taxpayer Summary Report* template 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.

... 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.

- 5.27 The standard text and guidance provided by the *Taxpayer Summary Report* template directed investigators to consider 25 percent as the standard applicable rate of penalty tax based on the presumption that home buyers who were not compliant with the HBCS eligibility requirements had not taken 'reasonable care' to comply with tax law.

Taxpayer Summary Report template in use from April 2025

- 5.28 The *Taxpayer Summary Report* template used by the ACT Revenue Office from April 2025 similarly provides for a rate of 25 percent:

Under section 31(1) of the TA Act the amount of penalty tax payable is 25 per cent.

- 5.29 The template does not make any reference to the concept of 'reasonable care'. However, the template is intended to be read in conjunction with applicable tax law and revenue circulars.



- 5.30 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 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'.

Home buyers' disclosures

Taxation Administration Act 1999

- 5.31 Sections 32 and 33 of the TAA allow the rate of penalty tax to be reduced from 25 percent, 50 percent or 75 percent (rates set under section 31) if taxpayers provide information about their tax liability to the ACT Revenue Office. Section 32 allows the rate to be reduced by 80 percent and section 33 allows the rate to be reduced by 20 percent.

Revenue circular GEN006.3 Penalty tax

Voluntary disclosure under section 32 of the TAA

5.32 Revenue circular *GEN006.3 Penalty tax* states:

Under section 32 of the TAA, the amount of penalty tax determined under section 31 is reduced by 80 per cent if, before the Commissioner informs the taxpayer that an investigation relating to the taxpayer is to be carried out, the taxpayer discloses to the Commissioner, in writing, sufficient information to determine the nature and extent of the tax default.

A voluntary disclosure occurs 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.

5.33 The circular explains that this type of disclosure does not include:

- any disclosure made after an investigation has commenced;
- any disclosure that is false, misleading or incomplete;
- conduct involving delay, resistance, or the hindering of an investigation; or
- the disclosure of a frivolous claim of a tax concession.

5.34 This means that home buyers could be considered to have made a disclosure under section 32 of the TAA if they discovered they had not met the HBCS eligibility requirements and they informed the ACT Revenue Office about their non-compliance before any investigation into their eligibility had begun.



5.35 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.

Disclosure under section 33 of the TAA

5.36 Revenue circular *GEN006.3 Penalty tax* states:

Under section 33 of the TAA, the amount of penalty tax determined under section 31 is reduced by 20 per cent if, after the Commissioner informs the taxpayer that an investigation relating to the taxpayer is to be carried out and before the investigation begins, the taxpayer discloses to the Commissioner, in writing, sufficient information to enable the nature and extent of the tax default to be determined.

The amount of penalty tax will not reduce if the disclosure is made after the investigation has begun.

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.

5.37 This means that home buyers could be considered to have made a disclosure under section 33 of the TAA if they responded to correspondence from the ACT Revenue Office that told them an investigation into their compliance would be conducted, within the required timeframe, and before the investigation had begun.



5.38 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.'

Taxpayer Summary Report template

Taxpayer Summary Report template in use prior to April 2025

5.39 To guide investigators in identifying when a disclosure had been made, the *Taxpayer Summary Report* template used by the ACT Revenue Office prior to April 2025 stated:

Identify when you first started completing searches for the taxpayer. That would technically be the 'date' that you began an investigation into the taxpayer as you starting a process of searching to ascertain facts. It is not the date you sent a s 82 notice to taxpayers.

As a result of our processes, that we always do searches prior to contacting the taxpayer, we will rarely ever use s 33. As we will nearly always have started an investigation prior to contacting the taxpayer.

5.40 The template also stated that:

For s 32, it is intended to operate as a completely out of the ordinary voluntary disclosure with no contact from the Commissioner. No prompt that we are looking at them for tax compliance.

If you have a case where a taxpayer has made a disclosure pertaining to a transaction that we were not investigating, then its still unlikely that they will meet the criteria for ss 32 or 33 as the requirements pertain to an investigation of the taxpayer not the specific tax liability.

If you still feel like you want to grant a reduction in penalty tax to a taxpayer for disclosing something you were never going to investigate, for example, prior to the period we are conducting investigations for, you can always use the general powers of remission under section 37.

5.41 This means that, at the time that the ACT Revenue Office sent an investigation letter to home buyers asking for information about their compliance with the HBCS eligibility requirements, an investigation had already begun. Even if home buyers responded to the investigation letter with a disclosure of their non-compliance, they could not be eligible for a reduction in penalty tax because sections 32 and 33 of the TAA only allow these reductions if disclosure is made *before* an investigation is begun.



5.42 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.

Taxpayer Summary Report Template in use from April 2025

5.43 From April 2025 the ACT Revenue Office changed its investigation process so that the first communication with home buyers was a request for information letter, instead of an investigation letter (considered in detail in chapter 4).

5.44 The guidance provided by the *Taxpayer Summary Report* template was also changed accordingly. The template used by the ACT Revenue Office from April 2025 refers to section 32 of the TAA and states:

USE REMISSION HERE IF RFI ISSUED

Penalty Tax has been reviewed according to section 32 of the TA Act. After reviewing the circumstances, it is considered appropriate to remit penalty tax by 80 per cent, as a voluntary disclosure was made before an investigation commenced.

5.45 This means that, at the time that the ACT Revenue Office sends a request for information to home buyers asking for information about their compliance with the HBCS eligibility requirements, an investigation has not yet begun. Thus, if home buyers respond to the request for information with a disclosure of their non-compliance, they are eligible for a reduction in penalty tax. The ACT Revenue Office has chosen to apply section 32 of the TAA,

which allows an 80 percent reduction, rather than section 33, which allows a 20 percent reduction.



- 5.46 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 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 begun 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.

Reducing the rate of interest charged

Taxation Administration Act 1999

- 5.47 Section 29 of the TAA allows interest to be reduced by any amount if 'the commissioner considers it appropriate in the circumstances'.

Revenue circular GEN009.4 Interest

- 5.48 Revenue circular *GEN009.4 Interest* states that, in deciding whether to reduce the amount of interest charged under section 29 of the TAA, the Commissioner may consider:
- whether the amount of penalty tax has been reduced; and
 - whether the ACT Revenue Office may have contributed to 'delays, errors or omissions in assessing the tax default'.
- 5.49 The revenue circular does not provide examples of the actions or circumstances that would constitute 'delays, errors or omissions in assessing the tax default'.

Taxpayer Summary Report template

Taxpayer Summary Report Template in use prior to April 2025

- 5.50 The Taxpayer Summary Report template used by the ACT Revenue Office prior to April 2025 included the following prompt and standard text:

Manual text – why is it/is it not appropriate to remit interest.

Interest has been reviewed according to the TA Act s 29. It is recommended that interest should not be remitted as the circumstances that resulted in the tax default were not

exceptional, and it would not be fair and reasonable to remit interest in this situation and place the taxpayer in a better position than a taxpayer who had paid their tax on time.

5.51 The template did not reference the considerations described in revenue circular *GEN009.4 Interest* about potential remission of interest under section 29 of the TAA when:

- whether the amount of penalty tax has been reduced; and
- whether the ACT Revenue Office may have contributed to ‘delays, errors or omissions in assessing the tax default’.

Taxpayer Summary Report Template in use from April 2025

5.52 The *Taxpayer Summary Report* template used by the ACT Revenue Office from April 2025 includes the following standard text (i.e. to be selected depending on the recommendation being made):

Interest has been reviewed according to section 29 of the TA Act and the Commissioner considers it appropriate to remit the interest imposed.

OR

Interest has been reviewed according to section 29 of the TA Act and the Commissioner considers it appropriate to remit the premium interest imposed.

OR

Interest has been reviewed according to the TA Act section 29. After reviewing the circumstances, it is considered not appropriate to remit interest in this case.

5.53 The *Taxpayer Summary Report* template does not provide guidance about the circumstances in which interest should be remitted. However, the ACT Revenue Office’s draft new procedural guidance for investigations (*Current RFI Process*) states:

If TP responds and identifies a liability (i.e., is forthcoming and provides all relevant information), duty will be reassessed and would ordinarily attract 5% penalty tax and market rate interest only. Note other circumstances may change this - discuss with supervisor for further remission. 8 week due date for payment.

On reassessing duty liability based off S82 response, 25% penalty tax (or greater) and full interest may be imposed.



5.54 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.

Other situations

Taxation Administration Act 1999

5.55 Section 29 of the TAA allows interest to be remitted by any amount if 'the commissioner considers it appropriate in the circumstances'. Similarly, section 37 allows penalty tax to be remitted by any amount 'if the commissioner considers it appropriate in the circumstances'.

Revenue circulars

5.56 Revenue circulars *GEN009.4 Interest* and *GEN006.3 Penalty tax* both state:

... the Commissioner applies [interest/penalty tax] in accordance with this circular except where a strict application would produce an unreasonable or inconsistent outcome.

5.57 The revenue circulars do not define or provide examples of 'an unreasonable or inconsistent outcome'.

Revenue circular GEN009.4 Interest

5.58 Revenue circular *GEN009.4 Interest* states:

As interest is imposed under legislation there is necessarily a high threshold on remitting interest to ensure equity amongst taxpayers who have paid liabilities on time. In practice, the Commissioner will remit interest only when the legislation produced an extraordinary and unintended consequence, such as where the ACT Revenue Office is at fault, or where the legislation has produced an unforeseen outcome.

5.59 The revenue circular does not define or provide examples of 'an extraordinary and unintended consequence' or 'an unforeseen outcome'.

Revenue circular GEN006.3 Penalty tax

5.60 Revenue circular *GEN006.3 Penalty tax* provides examples of considerations that may be relevant to reducing penalty tax by any amount under section 37 of the TAA, including:

- whether the person took steps to mitigate, or to mitigate the effects of, the circumstances that resulted in the liability for penalty tax;
- whether the circumstances that resulted in the liability for penalty tax were complex or exceptional;

- the compliance history of the taxpayer;
- whether the ACT Revenue Office contributed to any delays, errors or omissions in assessing the tax default.

5.61 The revenue circular does not provide examples of the actions or circumstances that would constitute the taxpayer taking steps to mitigate, or to mitigate the effect of, the circumstances that resulted in the tax liability, circumstances that are ‘complex or exceptional’ or ‘delays, errors or omissions in assessing the tax default’. Nor does the revenue circular provide further guidance about how taxpayers’ compliance history should be considered.

Taxpayer Summary Report template

Taxpayer Summary Report template in use prior to April 2025

5.62 The *Taxpayer Summary Report* template used by the ACT Revenue Office prior to April 2025 included a prompt and standard text about whether penalty tax should be remitted by any amount under section 37:

Manual text – brief explanation of whether remitting penalty tax is appropriate in the circumstances.

It is not appropriate to remit penalty tax in these circumstances as there are no exceptional circumstances in this case. One of the aims of the Revenue Circular (GEN006.3) for penalty tax identifies that the purpose of imposing penalty tax is to deter non-compliance by making it unprofitable for taxpayers.

Taxpayer Summary Report template in use from April 2025

5.63 The *Taxpayer Summary Report* template used by the ACT Revenue Office from April 2025 provides the prompt:

USE REMISSION HERE IF S82 ISSUED

Penalty Tax has been reviewed according to section 37 of the TA Act. After reviewing the circumstances, it is considered not appropriate to remit penalty tax in this case.

5.64 Neither the *Taxpayer Summary Report* template in use prior to April 2025, nor the template in use from April 2025, refer to the other considerations described in revenue circulars *GEN009.4 Interest* and *GEN006.3 Penalty tax*, including:

- whether the legislation produced an extraordinary and unintended consequence, such as where the ACT Revenue Office is at fault, or where the legislation has produced an unforeseen outcome;
- whether the taxpayer took steps to ‘mitigate’, or to mitigate the effects of, the circumstances that resulted in the tax liability;

- the taxpayers' 'compliance history';
- whether the circumstances that resulted in the tax liability were 'complex or exceptional'; or
- whether the ACT Revenue Office contributed to 'delays, errors or omissions in assessing the tax default'.

5.65 The ACT Revenue Office advised that, while the *Taxpayer Summary Report* template may not provide specific guidance about all considerations that are applicable to a matter being considered, the ACT Revenue Office has an expectation that investigators will refer to and apply all relevant and applicable legislation, including revenue circulars, when preparing or approving *Taxpayer Summary Reports*.



5.66 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.



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.

6 Managing debts and objections

6.1 This chapter discusses how the ACT Revenue Office has managed home buyers' debts and how it has responded to objections made to these debts.

Summary



Conclusions

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

Managing home buyers' debts

Paragraph

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

6.9

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 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

6.43

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 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 6.88

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

Managing home buyers' debts

Better practice debt management

- 6.2 Principles of better practice debt management that are relevant to the ACT Revenue Office's management of debts arising from non-compliance with the HBCS eligibility requirements are explained in the:
- report of the Commonwealth Ombudsman, ACT Ombudsman and Inspector-General of Taxation and Taxation Ombudsman '*How to tell people they owe the government money: Best practice principles for notifying people about debts*', March 2024; and
 - ACT Government's *Debtor Management Policy*, Chief Minister, Treasury and Economic Development Directorate, May 2025.
- 6.3 The Australian Taxation Office's *ATO Vulnerability Framework* (released in October 2025) provides related guidance about better practice in responding to the needs of more vulnerable debtors.
- 6.4 The May 2025 report of the ACT Ombudsman '*What's fair? Collecting historical debts: An investigation into the ACT Revenue Office and its collection of historic land tax debt*' provides recommendations for better practice debt management in relation to land tax debts that are also relevant and applicable to management of home buyers' debts. The Commissioner agreed with the recommendations made by the ACT Ombudsman and the ACT Revenue Office is progressing work to implement the recommended changes.
- 6.5 Better practice debt management principles arising from these documents are outlined in detail in Appendix B.

Debt management policy

- 6.6 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.

Procedural guidance

- 6.7 The ACT Revenue Office's *Conveyance Duty Debt Flow Chart* outlines the processes to be followed when recovering unpaid conveyance duty.

- 6.8 In recovering debts owed because of non-compliance with the HBCS eligibility requirements the ACT Revenue Office follows the processes outlined in the *Conveyance Duty Debt Flow Chart*. The ACT Revenue Office does not have any other procedural guidance that is specifically applicable to management of debts arising from non-compliance with the HBCS eligibility requirements.



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

Debt recovery webpage

- 6.10 The ACT Revenue Office provides information to taxpayers about the Office's debt recovery processes through its 'Debt recovery' webpage (revenue.act.gov.au/debt-recovery). The webpage provides information about:

- how to contact the Debt Management team;
- actions the ACT Revenue Office can take to recover debts;
- the option of applying for a payment plan;
- the fact that interest will continue to accrue on unpaid debts;
- the ability of the Commissioner for ACT Revenue to register a statutory charge on a property to recover a debt; and
- taxpayers' rights to object to a debt.

6.11 The 'Debt recovery' webpage does not provide information about:

- how the ACT Revenue Office will consider debtors' specific circumstances or financial hardship;
- how to apply for consideration of financial hardship; or
- support services that are available to taxpayers who are more vulnerable or who are experiencing financial hardship (for example, financial counselling services).



6.12 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.

Debt Management team

6.13 The Debt Management team is responsible for:

- taking actions to recover debts;
- assessing applications for payment plans; and
- helping taxpayers to prepare applications for payment plans (for example, helping taxpayers to work out a plan that is compliant with the ACT Revenue Office's requirements).

6.14 Home buyers can communicate directly with the ACT Revenue Office's Debt Management team by phone, email or mail.

6.15 The Debt Management team maintains an internal list of available support services, including financial counselling services, and can refer taxpayers to relevant services, including the National Debt Helpline.¹⁴ However, there is no procedural requirement for staff in the Debt Management team to provide this information and no standard email template, factsheet or other communication material made available to staff in the Debt Management team to be provided to home buyers who may be vulnerable or who may be experiencing financial hardship.



6.16 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

¹⁴ The National Debt Helpline is a national phone service coordinated by Financial Counselling Australia ([National Debt Helpline - Financial Counselling Australia](#)).

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.

Debt recovery process

6.17 The ACT Revenue Office's debt recovery process for debts arising because of non-compliance with the HBCS eligibility requirements consists of:

- sending text message reminders after issuing of *Notices of Reassessment* for unpaid conveyance duty, interest and penalty tax;
- sending letters of demand if the amounts due have not been paid within the specified timeframe; and
- for some debts, applying to register a statutory charge on the title of a property.¹⁵

Notices of Reassessment

6.18 *Notices of Reassessment* issued to home buyers who are non-compliant with the HBCS eligibility requirements include:

- a breakdown of the amount owed into component parts (unpaid duty, interest and penalty tax); and
- an explanation of the reason for the debt.

6.19 The *Notice of Reassessment* template used by the ACT Revenue Office prior to April 2025 advised that:

- further interest will accrue on unpaid tax amounts; and
- home buyers can contact the ACT Revenue Office's debt recovery team if needed.

6.20 The *Notice of Reassessment* in use at the time of audit reporting advise that home buyers:

- are encouraged to seek financial advice to find the best option for your circumstances to finance payment;
- may be able to pay the amount due through a 12-month payment plan; and
- can contact the ACT Revenue Office's debt recovery team if needed.

¹⁵ A statutory charge registered on the title of a property prevents the property being refinanced or sold before the duty owed in relation to the property is paid.

Reminder messages

Before due date

- 6.21 A text message is sent to home buyers' most recently recorded phone number seven days before the payment is due.

After due date

- 6.22 If payment has not been received, a second text message is sent to on the day after payment is due.



- 6.23 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.

Letter of demand

- 6.24 For debts owed by home buyers because of non-compliance with the HBCS eligibility requirements the ACT Revenue Office may:

- send a letter of demand;¹⁶ and
- register an application for a statutory charge against the purchased property (or against other property held by home buyers who have sold the purchased property) with the ACT Land Title Office.

- 6.25 A letter of demand may be sent to home buyers after payment was due. The letter states:

If this account is not settled recovery action will commence.

This may include:

An application to register a statutory charge on the title of the property in not less than 7 days.

Penalty tax starting from 25 per cent will be applied to the conveyance duty.

Notification of the debt to financial institutions with an interest in the property (mortgagee) in not less than 28 days.

Garnishee action (deductions from your wages/income and/or bank account).

¹⁶ A letter of demand is a formal, written request for payment of a debt. Letters of demand are typically issued as a final warning before proceeding to legal action to recover debts.

Court proceedings (sale of land/property, wind up action and examination of records).

6.26 The letter also advises that:

An interest rate of **[rate]** is now being charged daily on any overdue charges.

Garnishee action

6.27 If payment is not received, or a suitable payment plan is not approved, the ACT Revenue Office can undertake garnishee action to recover the debt from home buyers' bank(s) or other financial institutions, or through sale of property.¹⁷

6.28 Subsection 56HA(4) of the TAA states:

before recovering the tax debt from the mortgagee, the commissioner must be satisfied that the recovery is reasonable in the circumstances including, from the information available, whether the recovery is likely to cause substantial hardship to the debtor or other people.

6.29 Similarly, the TAA requires that the likelihood of substantial hardship to the debtor, the joint owner, or other people is considered when registering a statutory charge on the title of a co-property or recovering money from the mortgagee for a co-owned property.

6.30 The ACT Revenue Office may send a request for information to relevant bank(s) under section 82 of the TAA to identify funds available to recover the debt (e.g. rental income, wages, future sale proceeds).

6.31 If funds are available to recover the debt, a Garnishee Notice may be issued to the relevant party (e.g. a bank or employer). A Notice of Garnishee Action will be issued to the taxpayer.

6.32 The ACT Revenue Office may also send a Notification of Tax Arrears to relevant bank(s) or other third parties, with a copy provided to the taxpayer. This can be followed by a Notice for Payment of Tax Arrears.



6.33 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.

¹⁷ Garnishee action is a legal process through which debts can be recovered from a third party, such as a bank or by accessing assets owned by a debtor, including property.

Consideration of financial hardship

6.34 The ACT Revenue Office does not offer 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 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.

Payment plans

6.36 Section 52 of the TAA allows the commissioner to extend the time allowed for payment of a tax and to accept payment of tax by instalments.

6.37 Prior to May 2024, the ACT Revenue Office did not offer payment plans for home buyers who owed debts because of non-compliance with the HBCS eligibility requirements. From May 2024, payment plans were made available to home buyers in this situation.

6.38 Interest on amounts owed continues to accrue during the term of payment plans.

6.39 Payment plans generally cannot be longer than 12 months (i.e. the amount owed, including interest, must be paid in full over 12 months).

6.40 The ACT Revenue Office does not generally offer:

- payment plans in which interest does not continue to accrue during the payment period; or
- longer or deferred payment periods.

6.41 The ACT Revenue Office advised that it may consider 'exceptional circumstances' when deciding the terms of payment plans. However, there is no procedural guidance explaining what constitutes 'exceptional circumstances' in this regard.

6.42 On 1 August 2025, 41 debts owed by home buyers because of non-compliance with the HBCS eligibility requirements were being paid through approved payment plans.



6.43 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 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.

Waiving or writing off debts

- 6.44 Sections 130 and 131 of the *Financial Management Act 1996* allow the Treasurer to authorise act of grace payments by directorates or waive debts owed to the Territory.
- 6.45 The Treasurer has provided nine act of grace payments and four debt waivers to home buyers who were found to be non-compliant with the HBCS eligibility requirements. These were provided to home buyers who had been found to be non-compliant because:
- they did not include either the prior property ownership and/or the income of a former domestic partner from whom they had permanently, but not yet legally, separated when assessing their eligibility; or
 - they had gross income above the eligible threshold.

Writing off debts

- 6.46 The power to write-off debts provided by section 20 of the *Public Sector Management Act 1994* and section 31 of the *Financial Management Act 1996* is delegated by the Director-General of the Chief Minister, Treasury and Economic Development Director to ACT Revenue Office staff:
- appointed at ASO6 to SOGC for debts up to \$10,000;
 - appointed at SOGB for debts up to \$25,000;
 - appointed at SOGA for debts up to \$50,000; and
 - appointed at SES Band 1 to SES Band 2 for debts \$50,000 or more.
- 6.47 The ACT Revenue Office has not used these powers to write-off any debts owed by home buyers because of non-compliance with the HBCS eligibility requirements. The ACT Revenue Office advised that this is because unpaid conveyance duty is a charge over land that can be registered on title to provide security over the debt and is therefore not considered to be an irrecoverable debt.



- 6.48 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.

Working with non-government stakeholders

- 6.49 The ATO's Vulnerability Framework notes the importance of collaborating with people and groups outside of a taxation office who can explain the needs of taxpayers' who are experiencing vulnerability.
- 6.50 The ACT Revenue Office has engaged with non-government organisations who have expertise in provision of financial counselling services to discuss its debt management processes and potential impacts on debtors who may be more vulnerable or who may be experiencing financial hardship. The ACT Revenue Office has not yet established any formal arrangements with these non-government organisations. However, the ACT Revenue Office advised that it remains open to collaborating with these organisations and is committed to fostering an open line of communication in the future.



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.

Responding to home buyers' objections

Home buyers' rights to object to decisions

- 6.51 Section 100 of the TAA allows home buyers to object to decisions shown in *Notices of Reassessment*. This means that home buyers can object to the decision to require them to pay conveyance duty and the decision to impose certain rates of interest and penalty tax.¹⁸
- 6.52 Section 102 of the TAA requires that objections be made within 60 days of the date on which home buyers receive the *Notice of Reassessment*. However, section 103 allows the Commissioner to accept objections that are made after 60 days.

Commissioner's responsibilities in considering objections

- 6.53 Section 104 of the TAA requires that the Commissioner consider all objections received. Section 104 also requires that objections are considered by a different ACT Revenue Office staff member than the person who originally issued the *Notice of Reassessment*.
- 6.54 The TAA does not establish a timeframe within which the Commissioner must respond to objections. However, the ACT Revenue Office has two Accountability Indicators for responding to objections:
- 85 percent of internal reviews of objections completed within 6 months (Output 5.1c); and
 - 100 percent of internal review of objections completed within 12 months (Output 5.1d).¹⁹
- 6.55 In 2022-23, the ACT Revenue Office reported that 82 percent of internal reviews of objections had been completed in six months, and 99 percent had been completed in 12 months. However, in 2023-24 and 2024-25, the ACT Revenue Office has reported lower

¹⁸ Objections can be made to a decision not to remit interest, a decision to increase or reduce the rate of penalty tax imposed or a decision not to remit penalty tax.

¹⁹ Output 5.1: Revenue Management, 5.1c, 5.1d, Annual Reports Chief Minister, Treasury and Economic Development Directorate.

completion rates. In 2023-24, 52 percent of reviews were completed within six months and 98 percent within 12 months. In 2024-25, 35 percent of reviews were completed within six months and 86 percent within 12 months.



6.56 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.

Home buyers' objections

6.57 Table 6-1 shows, for the six financial years 2019-20 to 2024-25:

- the number of objections relating to the HBCS received by the ACT Revenue Office;
- the number of objections relating to the HBCS for which the ACT Revenue Office has provided a final response; and
- the average number of months taken to provide a response for objections finalised during that financial year.

Table 6-1 Home buyer objections (2019-20 to 2024-25)

Financial year	Number of objections received	Number of objections completed ²⁰	Average response time (months)
2019-20	6	6	4.0
2020-21	11	14	3.9
2021-22	9	12	5.2
2022-23	36	2	4.1
2023-24	118	100	4.9
2024-25	95	79	6.6
Total	275	213	-

Source: ACT Audit Office, based on information provided by the ACT Revenue Office.

6.58 Between 2019-20 and 2024-25 the ACT Revenue Office:

- received 275 objections relating to the HBCS; and

²⁰ The number of objections completed is not a subset of the number of objections received, as some completed objections were received by the ACT Revenue Office prior to 2019-20.

- completed a review of 213 objections relating to the HBCS.

6.59 The average time taken to complete a review of an objection relating to the HBCS has been less than six months for objections completed in the five financial years 2019-20 to 2023-24. In 2024-25 it was 6.6 months.

6.60 Of the 213 objections that have been completed:

- 157 were disallowed by the ACT Revenue Office;
- 38 were allowed in part by the ACT Revenue Office;
- 3 were allowed in full by the ACT Revenue Office; and
- 15 were withdrawn by home buyers.

6.61 Eight of the 15 objections that were withdrawn by home buyers were withdrawn because a waiver or act of grace payment had been provided by the Treasurer (as described in paragraph 6.45).

6.62 At the time of audit reporting the ACT Revenue Office is reviewing 51 objections relating to the HBCS.



6.63 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.

Internally reviewable and Commissioner reviewable decisions

6.64 Decisions made by the Commissioner under the TAA may be:

- internally reviewable decisions; or
- Commissioner-reviewable decisions.

Internally reviewable decisions

6.65 Taxpayers can make an objection to an 'internally reviewable decision' and ask the ACT Revenue Office to review whether the decision was correctly made. If taxpayers are not satisfied with the decision made by the ACT Revenue Office about their objection, they can then apply to have this decision reviewed by the ACT Civil and Administrative Tribunal (ACAT).

6.66 Internally reviewable decisions include:

- a decision to recover unpaid conveyance duty because home buyers are non-compliant with the HBCS eligibility requirements; and
- a decision to charge penalty tax.

Commissioner reviewable decisions

6.67 Taxpayers can make an objection to a 'commissioner reviewable decision', asking the ACT Revenue Office to review whether the decision was correctly made. However, taxpayers cannot apply to have the decision made by the ACT Revenue Office about their objection reviewed by the ACAT.

6.68 A decision made under section 29 of the TAA to not reduce the rate of interest charged on unpaid taxes is a Commissioner reviewable decision.

Internal review notices

6.69 The TAA requires the Commissioner to provide an 'internal review notice' to any person subject to an internally reviewable decision.

6.70 All *Notices of Reassessment* issued to home buyers include an attached internal review notice. The internal review notice provides information about:

- how to ask for more information about the decision;
- how to make a formal objection to the decision; and
- how to seek a review of the outcome of an objection from the ACT Civil and Administrative Tribunal (ACAT)²¹.

Appeals to ACAT

6.71 During the six financial years 2019-20 to 2024-25, 15 decisions made in response to objections relating to the HBCS have been appealed to the ACAT. Of these:

- ten appeals have been dismissed;
- three have been resolved through consent orders;²²
- one has been withdrawn; and

²¹ This information is mandated under the *ACT Civil and Administrative Tribunal Act 2008* and *ACT Civil and Administrative Tribunal Regulation 2009*.

²² Consent orders are made by the ACAT when the parties agree to the order being made. This may be a result of a conference or mediation or the parties may agree to resolve the dispute outside of the ACAT.

- one has been decided in favour of the home buyers, setting aside the decision made by the ACT Revenue Office requiring the home buyers to pay unpaid conveyance duty and penalty tax.

Process for responding to objections

6.72 The ACT Revenue Office's process for responding to objections consists of:

- initial review and prioritisation;
- detailed review and assessment; and
- making a decision.

Procedural guidance

6.73 The ACT Revenue Office's *Objections and Appeals Unit Procedures* (19 October 2022) outlines the processes to be followed when responding to objections. However, this document does not accurately reflect the Office's current practices. The ACT Revenue Office advised that it is reviewing its processes for responding to objections and trialling new processes intended to reduce the time taken to complete responses. The Office advised that it intends to update its procedures to reflect new processes that may be adopted following this review.

Initial review and prioritisation

6.74 Objections received by the ACT Revenue Office are reviewed by a staff member of the Objections and Policy team, to determine if:

- the objection is about a reviewable decision; and
- has been made within the required timeframe.

6.75 Objections that are about reviewable decisions and have been made within the required timeframe are then reviewed by members of the Objections and Policy team to identify:

- simple matters that can be resolved quickly;
- more complex matters that will require substantial review; and
- sensitive matters that require urgent attention or sensitive handling (e.g. matters of family violence).

6.76 This review happens each fortnight and considers all objections received in the previous two weeks. Objections are assigned a priority rating and a complexity rating and are assigned to staff for action accordingly.

Detailed review and assessment

6.77 A member of the Objections and Policy team reviews each objection received from a home buyer(s) and identifies:

- the grounds for the objection;
- all relevant documents and decisions (including requesting relevant material from other ACT Revenue Office teams, including the Operations or Compliance teams);
- whether further information is needed from the home buyer(s) making the objection; and
- whether the decision(s) that have been objected to were consistent with the TAA, the applicable disallowable instrument and the applicable revenue circulars.

6.78 The review may also consider:

- decisions made in response to other similar objections; and
- relevant legal advice.

Decision-making

Peer review

6.79 The ACT Revenue Office requires that decisions made about objections are 'peer reviewed' by another member of the Objections and Policy team appointed at the same level or higher to the staff member who conducted the assessment. The staff member who will peer review the decision is identified when the objection is assigned to the staff member who will conduct the review. The ACT Revenue Office advised that this peer review includes review of the grounds for the objection, any relevant documents and the draft decision letter. Final correspondence with the home buyers making the objection will not be issued until the peer review is complete.

Review by a Director

6.80 The member of the Objections and Policy team who is assigned to respond to the objection is the decision maker. The ACT Revenue Office does not have any requirements for a staff member appointed at a more senior level to review or approve the decision made by the reviewing officer. However, a Director is recommended to 'proof read' the letter explaining the response to the objection before it is sent.

Communication to Senior Directors

6.81 The ACT Revenue Office requires that any objections that are allowed or partly allowed (i.e. where a taxpayer's objection is found to be valid and a decision previously made by the ACT Revenue Office is changed) is circulated to all ACT Revenue Office Senior Directors, including

the Senior Directors of the Operations and Compliance teams. This is intended to support improved practice where errors made by the ACT Revenue Office have been identified and where the outcome of the objection may set a precedent for other similar objections.



- 6.82 The ACT Revenue Office 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.

Reviewable decision and reasons statements

- 6.83 The ACT Revenue Office communicates decisions made in response to objection through a 'Reviewable Decision and Reasons Statement'.

- 6.84 The statement takes the form of a letter and includes:

- the history of the property purchase, concession claim and subsequent interactions with the ACT Revenue Office (including Notices of Assessment and Reassessment, objections and any other correspondence);
- a summary of, and relevant excerpts from, application legislation and legal decisions;
- the decisions made in response to the objection; and
- information about home buyers' rights to appeal to the ACAT for a review of the decisions shown in the statement.

Communicating with home buyers who have made objections

- 6.85 When home buyers make an objection, the ACT Revenue Office issues a standard response email. The response email advises that:

- the ACT Revenue Office will try to respond to the objection within six months;
- the timeline for responding may be longer if the ACT Revenue Office needs to request more information about the matter; and
- interest will continue to accrue on the amount owed while the objection is being considered.

- 6.86 If home buyers contact the ACT Revenue Office to ask about the status of their objection, they receive email responses advising that:

- objections are considered in the order in which they are received; and

- the ACT Revenue Office is unable provide a date by which they will receive a response to their objection.

6.87 Email responses are based on standard templates but can be tailored to suit individual objections and may not be the only communication made with home buyers. For example, home buyers may also be contacted by email or phone to ask for additional or clarifying information about an objection.



6.88 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 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.

Debt recovery and accrual of interest while objections are being considered

6.89 Section 105 of the TAA states:

The fact that an objection or review is pending does not affect the assessment or decision to which the objection or review relates, and tax may be recovered as if no objection or review were pending.

6.90 *Notices of Reassessment* sent to home buyers prior to April 2025 stated:

Note that lodging an objection does not cancel the liability to pay outstanding amounts. If amounts for which you are liable remain outstanding, interest will accrue, and debt recovery actions could commence. If, after payment, the objection is allowed in full or in part, an appropriate adjustment will be made at this time.

6.91 *Notice of Reassessments* sent to home buyers from April 2025 state:

Please note the existence of an objection or an appeal does not impact or defer your obligation to pay a disputed assessment or liability. Interest will continue to accrue during the period in which an objection or appeal is being determined.



6.92 *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.

Quality assurance

6.93 The ACT Revenue Office does not have an internal audit or quality assurance program designed to test whether objections are assessed consistently and according to requirements, including whether:

- communications with home buyers are conducted as required;
- requests for extensions of time to respond are handled consistently; or
- home buyers' needs for more information or explanation are consistently met.

6.94 The ACT Revenue Office relies on staff completing relevant training modules, oversight by team leaders and supervisors and professional learning and sharing among staff to ensure reviews of objections are conducted consistently and as required. The ACT Revenue Office advised that objections under review are typically discussed in weekly team meetings and that more complex objections may be reviewed by multiple staff members, including more senior staff members, to reach consensus decisions.



6.95 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.



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.

Appendix A: Rates of interest and penalty tax

Taxation Administration Act 1999 (TAA)

Interest

Subsection 25(1) of the TAA states:

If a tax default happens, the taxpayer is liable to pay interest on the amount of tax unpaid calculated on a daily basis from the end of the last day for payment until the day it is paid at the interest rate from time to time applying under this division.²³

Interest rate

Subsection 26(1) of the TAA states that the interest rate is the sum of the 'market rate component' and 'premium component'.

The market rate component is the monthly 90-day bank bill rate (monthly average yield of 90-day bank accepted bills published by the Reserve Bank of Australia over either May or November²⁴).

The premium component is set in the TAA at eight percent per annum.

The Explanatory Memorandum for the ACT's *Taxation Administration Bill 1998* explains that the market rate component is 'designed to reflect the "opportunity cost" to the Government of not being able to use the revenue for the period it remains unpaid. The premium component [...] is intended to act as a disincentive to a taxpayer using the Government as a defacto lending institution'.

The ACT Revenue Office provides information about interest rates applicable to tax debts on its 'Interest and penalty tax' webpage (revenue.act.gov.au/rights-and-obligations/interest-and-penalty-tax).

Since 1 July 2019 the simple daily interest rate for unpaid conveyance duty has ranged from 8.02 percent to 12.42 percent.²⁵

²³ The TAA defines 'tax default' as 'failure by a taxpayer to pay, in accordance with a tax law, the whole or part of tax that the taxpayer is liable to pay.'

²⁴ The market rate component for the first six months of a calendar year is the monthly 90-day bank bill rate for November and for the second six months is the monthly 90-day bank bill rate for May.

²⁵ revenue.act.gov.au/rights-and-obligations/interest-and-penalty-tax reports simple daily interest rates of:
1 July 2025 to 31 December 2025 11.78%, 1 January 2025 to 30 June 2025 12.42%
1 July 2024 to 31 December 2024 12.36%, 1 January 2024 to 30 June 2024 12.38%
1 July 2023 to 31 December 2023 11.90%, 1 January 2023 to 30 June 2023 11.06%
1 July 2022 to 31 December 2022 9.00%, 1 January 2023 to 30 June 2022 8.04%

Remission of interest

Section 29 of the TAA allows interest to be reduced by any amount if ‘the commissioner considers it appropriate in the circumstances’.

Penalty tax

Subsection 30(1) of the TAA states:

If a tax default happens, the taxpayer is liable to pay penalty tax in addition to the amount of tax unpaid.

Subsection 30(2) of the TAA states that penalty tax is charged in addition to interest.

Table A-1 shows the different rates of penalty tax that can be charged on unpaid conveyance duty in different circumstances.

1 July 2021 to 31 December 2021 8.04%, 1 January 2023 to 30 June 2021 8.02%
1 July 2020 to 31 December 2020 8.10%, 1 January 2023 to 30 June 2020 8.91%
1 July 2019 to 31 December 2019 9.54%

Table A-1 Rates of penalty tax that can be charged on unpaid conveyance duty

TAA section	Rate of penalty tax	Situation
31(1)	25 percent of the amount of unpaid tax	Any tax default.
31(2)	50 percent of the amount of unpaid tax	A tax default caused wholly or partly by the taxpayer (or a person acting on behalf of the taxpayer): <ul style="list-style-type: none"> • delaying the payment of tax; or • delaying the provision of information required for the assessment of tax; or • providing information required under a tax law that is incorrect, incomplete or misleading; or • is the taxpayer's second or subsequent tax default in relation to a tax liability, or in relation to a similar or related tax liability.
31(4)	75 percent of the amount of unpaid tax	A tax default caused wholly or partly by the intentional disregard by the taxpayer (or a person acting on behalf of the taxpayer) of a tax law.
31(5)	No penalty tax	The taxpayer (or a person acting on behalf of a taxpayer) takes reasonable care to comply with the tax law; or a tax default happened solely because of circumstances beyond the taxpayer's control but not amounting to financial incapacity.
32	Reduction of a rate set under section 31 by 80 percent	Taxpayers disclose sufficient information to enable the nature and extent of a tax default to be determined, <i>before</i> the Commissioner informs the taxpayer that an investigation relating to the taxpayer is to be carried out.
33	Reduction of a rate set under section 31 by 20 percent	Taxpayers disclose sufficient information to enable the nature and extent of a tax default to be determined, <i>after</i> the Commissioner informs the taxpayer that an investigation relating to the taxpayer is to be carried out and <i>before</i> it is begun.
34	90 percent of the amount of unpaid tax	After the Commissioner has informed the taxpayer that an investigation is to be carried out and before the investigation is completed, the taxpayer (or a person acting on behalf of the taxpayer): <ul style="list-style-type: none"> • deliberately damages or destroys records required to be kept under the tax law to which the investigation relates; or • fails, without reasonable excuse, to comply with a requirement made by the commissioner under division 9.2 for the purposes of determining the taxpayer's tax liability; or • hinders or obstructs an authorised officer (d) otherwise shows intentional disregard for a tax law.
37	Remit penalty tax by any amount	If the Commissioner considers it appropriate in the circumstances

Source: ACT Audit Office, based on the *Taxation Administration Act 1999*.

Rate of penalty tax

25 percent penalty tax

Subsection 31(1) of the TAA sets the rate of penalty tax at 25 percent of the amount of unpaid duty.

50 percent penalty tax

Subsection 31(2) states that the rate of penalty tax may be increased to 50 percent if the Commissioner is satisfied that the tax default:

- (a) was caused wholly or partly by the taxpayer (or a person acting on behalf of the taxpayer)—
 - (i) delaying the payment of tax; or
 - (ii) delaying the provision of information required for the assessment of tax; or
 - (iii) providing information required under a tax law that is incorrect, incomplete or misleading; or
- (b) is the taxpayer's second or subsequent tax default in relation to a tax liability, or in relation to a similar or related tax liability.

75 percent penalty tax

Subsection 31(4) states that the rate of penalty tax may be increased to 75 percent if the Commissioner is satisfied that:

The tax default was caused wholly or partly by the intentional disregard by the taxpayer (or a person acting on behalf of the taxpayer) of a tax law.

90 percent penalty tax

Section 34 states that the rate of penalty tax may be increased to 90 percent if the Commissioner is satisfied that:

- ... after the commissioner has informed the taxpayer that an investigation is to be carried out and before the investigation is completed, the taxpayer (or a person acting on behalf of the taxpayer)—
 - (a) deliberately damages or destroys records required to be kept under the tax law to which the investigation relates; or
 - (b) fails, without reasonable excuse, to comply with a requirement made by the commissioner under division 9.2 for the purposes of determining the taxpayer's tax liability; or
 - (c) hinders or obstructs an authorised officer exercising functions under division 9.2, or an authorised valuer exercising functions under division 9.2A, for the purposes of determining the taxpayer's liability; or
 - (d) otherwise shows intentional disregard for a tax law.

Reduction by any amount

Section 37 of the TAA states:

The commissioner may, if the commissioner considers it appropriate in the circumstances, remit penalty tax by any amount.

Situations in which no penalty tax is charged

Subsection 31(5) of the TAA provides that no penalty tax is payable if the commissioner is satisfied that:

- (a) the taxpayer (or a person acting on behalf of the taxpayer) took reasonable care to comply with the tax law; or
- (b) the tax default happened solely because of circumstances beyond the taxpayer's control (or if a person acted on behalf of the taxpayer, because of circumstances beyond either the person's or the taxpayer's control) but not amounting to financial incapacity.

Reduced rates of penalty tax

Sections 32 and 33 of the TAA allow the rate of penalty tax to be reduced if taxpayers provide information about their tax liability to the ACT Revenue Office. The rate at which penalty tax is reduced depends on the taxpayers' conduct, including when taxpayers provide the information.

Reduction in penalty tax for voluntary disclosure

Section 32 of the TAA states:

The amount of penalty tax determined under section 31 is reduced by 80% if, before the commissioner informs the taxpayer that an investigation relating to the taxpayer is to be carried out, the taxpayer discloses to the commissioner, in writing, sufficient information to enable the nature and extent of the tax default to be determined.

Reduction in penalty tax for disclosure before investigation

Section 33 of the TAA states:

The amount of penalty tax determined under section 31 is reduced by 20% if, after the commissioner informs the taxpayer that an investigation relating to the taxpayer is to be carried out and before it is begun, the taxpayer discloses to the commissioner, in writing, sufficient information to enable the nature and extent of the tax default to be determined.

]

Appendix B: Better practice debt management

Principles of better practice debt management that are relevant to the ACT Revenue Office's management of debts arising from non-compliance with the HBCS eligibility requirements are explained in the:

- report of the Commonwealth Ombudsman, ACT Ombudsman and Inspector-General of Taxation and Taxation Ombudsman '*How to tell people they owe the government money: Best practice principles for notifying people about debts*', March 2024; and
- ACT Government's *Debtor Management Policy*, Chief Minister, Treasury and Economic Development Directorate, May 2025.

The Australian Taxation Office's *ATO Vulnerability Framework* provides related guidance about better practice in responding to the needs of more vulnerable debtors.

Ombudsman's report

The report of the Commonwealth Ombudsman, ACT Ombudsman and Inspector-General of Taxation and Taxation Ombudsman '*How to tell people they owe the government money: Best practice principles for notifying people about debts*', March 2024 (Ombudsmen's report) states:

Being told you owe the government money can be a worrying, traumatic, confusing, frustrating and stressful experience. It can negatively affect peoples' wellbeing. The impact of being told you owe the government a debt can be increased if the debt is unknown, it's old, it's unexpected, or if there is limited information about the reasons for the debt, who to contact for more information or how to challenge the debt.

....

While the law may require agencies to take certain action, agencies are also responsible for determining how they take that action in a way that minimises distress to affected and impacted people.

The Ombudsman's report describes five core principles of better practice debt management:

- be transparent and accountable;
- tell people what the debt is and where it comes from;
- provide clear information for requesting review, debt waivers and repayment arrangements;
- provide contacts for people to find out more information; and
- learn and improve.

Be transparent and accountable

The Ombudsman's report explains that communication with debtors should be simple and timely and should clearly explain reasons for actions and decisions.

Tell people what the debt is and where it comes from

The Ombudsman's report explains that communication with debtors should be personalised and should provide information that is specific to the debt, including providing a breakdown of the debt and how it has been calculated.

The Ombudsman's report also explains that communication with debtors should be adapted to meet the needs of diverse recipients, including using plain language, commonly understood words and translations into community languages.

Provide clear information for requesting review, debt waivers and repayment arrangements

The Ombudsman's report explains that agencies responsible for managing debts should have processes for:

- proactively considering whether waivers or reductions should be applied to debts, or to interest and penalties, before issuing notices of debt;
- providing debtors with avenues to request review of decisions and waiver of debts;
- providing debtors with avenues to request suitable payment arrangements; and
- considering the needs of debtors who are experiencing financial hardship.

Provide contacts for people to find out more information

The Ombudsman's report explains that agencies should provide:

- multiple ways for people to find information and ask questions (for example, by websites, phone or email); and
- clear, easily located information on websites.

Learn and improve

The Ombudsman's report explains that agencies should use information from complaints, staff experiences and internal evaluations to continuously improve their debt management processes.

ATO Vulnerability Framework

The Australian Taxation Office (ATO) *ATO Vulnerability Framework* (Vulnerability Framework) was released in October 2025. This framework describes how the ATO will meet the needs of taxpayers who are experiencing vulnerability and, in doing so, outlines concepts and principles that are broadly applicable to any taxation office.

The Vulnerability Framework states:

We recognise that not everyone experiences the tax system the same way, and that a taxpayer's ability to meet their obligations can be affected by their circumstances – particularly if that includes experiencing vulnerability. We also recognise it may be unreasonable and unfair for us to apply the same approach or consequences to these taxpayers as we do to those who are deliberately non-compliant.

The Vulnerability Framework explains that vulnerability can arise from many different factors and circumstances, including social, economic, environmental, physical or mental health conditions, disability, age, lack of access to essential services, or other personal circumstances. The Vulnerability Framework acknowledges that experiencing vulnerability can impact peoples' ability to meet their tax obligations.

The Vulnerability Framework describes six guiding principles for meeting the needs of taxpayers who are experiencing vulnerability:

- equity and fairness (treating everyone equitably and fairly, giving consideration to their circumstances and support needs);
- accessibility and inclusion (making information and services easily accessible and inclusive for everyone);
- empathy and compassion (fostering a respectful, supportive and safe environment);
- transparency and accountability (providing clear guidance and support about processes, actions, decisions, rights and the assistance available);
- privacy and data security (protecting personal information); and
- continuous improvement (listening and responding to feedback).

The Vulnerability Framework explains actions the ATO will take to put the guiding principles into practice, including:

- improving the way information is communicated so that all taxpayers can understand their obligations and how they can access help when they need it;
- providing training and support to help staff understand vulnerability and respond to taxpayers' needs; and
- collaborating with people and groups outside of the ATO who can explain the needs of taxpayers' who are experiencing vulnerability.

ACT Government Debtor Management Policy

Principles

The current version of the ACT Government's *Debtor Management Policy* was published by the Chief Minister, Treasury and Economic Development Directorate in May 2025. The current version is not significantly different to prior versions that have been available during the course of the ACT Revenue Office's management of the HBCS.

The *Debtor Management Policy* identifies principles of debt management to be applied by ACT Government agencies, including:

- ensuring that debt collection actions are proportionate, consistent, and transparent;
- treating debtors fairly and taking into account all relevant information, including information about financial hardship, before taking enforcement action;
- ensuring that enforcement actions are appropriate and contextualised for the debtor; and
- providing advice and support to increase debtor's ability to pay.

Considering financial hardship

The *Debtor Management Policy* states:

Debt management strategies should be flexible enough to accommodate debtors who may be vulnerable and/or experiencing financial difficulties.

...

Special consideration should be given to ensure the recovery of monies owed to the Territory does not result in any undue financial hardship for the individual or business.

The *Debtor Management Policy* explains that agencies should provide suitable supports for debtors who are experiencing financial hardship, including:

- application forms for consideration of financial hardship;
- consistent assessments of financial hardship applications; and
- options for extended payment times, suitable payment plans or debt waivers.

Applications for consideration of financial hardship

The *Debtor Management Policy* explains that agencies should:

- make financial hardship factsheets and application forms easily accessible on agency websites;
- provide agency contact information for debtors experiencing financial hardship; and

- allow applications for consideration of financial hardship to be made by a debtor or by another person on their behalf.

An example financial hardship application form is provided as an appendix to the Debtor Management Policy.

Assessment of applications

The *Debtor Management Policy* explains that agencies should develop a methodology for assessing financial hardship, including considering:

- disposable income, after accounting for existing financial commitments;
- dependent children or other financial dependents;
- past payment history; and
- advice provided on debtors' behalf by support services, such as a financial advisors.

Payment options

The *Debtor Management Policy* explains that section 131 of the *Financial Management Act 1996* allows the Treasurer, or their delegate, to allow a debt to be repaid in instalments.

The Debtor Management Policy states that:

When a payment plan is being arranged, the delegated officer should work with the applicant to ensure the plan is realistic in terms of the applicant's capacity to pay.

Audit reports

Reports Published in 2025-26	
Report No. 01 - 2026	Diversity, equity and inclusion in the ACT public service
Report No. 07 - 2025	2024-25 Financial Audit Program – Overall Results
Report No. 06 - 2025	Annual Report 2024-25
Report No. 05 - 2025	Specialist assessment services for dementia and cognitive decline
Reports Published in 2024-25	
Report No. 04 - 2025	Gaming machine licensee regulation
Report No. 03 - 2025	ACT Government long-term plans and strategies
Report No. 02 - 2025	Energy efficiency standard for rental properties
Report No. 01 - 2025	Management of the Growing and Renewing Public Housing Program
Report No. 14 - 2024	Facilities management and support services for ACT Courts
Report No. 13 - 2024	Invoicing and payments for Digital Health Record hosting services
Report No. 12 - 2024	2023-24 Financial Audits – Financial Results and Audit Findings
Report No. 11 - 2024	Governing boards of selected ACT Government entities
Report No. 10 - 2024	Safer Families Levy
Report No. 09 - 2024	2023-24 Financial Audits – Overview
Report No. 08 - 2024	Annual Report 2023-24
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Report No. 01 - 2024	Urban Tree Management
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Report No. 10 - 2023	Human Resources Information Management System (HRIMS) Program
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Report No. 07 - 2023	Annual Report 2022-23
Report No. 06 - 2023	Implementation of the ACT Aboriginal and Torres Strait Islander Agreement
Report No. 05 - 2023	Activities of the Government Procurement Board

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