

Warning – Your home sale may be subject to big tax if you go overseas

Treasury has released draft legislation to impose capital gains tax on the sale of your Australian home if you have become non-resident, punishing ordinary Australians that need to travel internationally for work. It follows an announcement made in the May 2017 Budget.

If you sell your home, broadly, there is an exemption from tax on the gain you make during the period that you use the property as your main residence – the main residence exemption.

Further, if you are away from your home the main residence exemption is extended indefinitely or if you rent your house out, you can also access the main residence exemption for a period of 6 years from the time that you start to earn income.

The new Bill does not even provide recognition of the time that you were an Australian resident and simply imposes capital gains tax on the whole of the gain from the time that you purchased the property. As it stands, the draft legislation is terribly unfair. Hopefully the Parliament will amend it.

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