Building a better working world

Knight Frank

GLOBAL TAX REPORT 2017

ANALYSIS OF TAX AND COSTS FOR BUYING, HOLDING AND SELLING PRIME RESIDENTIAL PROPERTY GLOBALLY

REPORT BRIEF

The costs of buying, owning and selling a property are increasingly coming under the spotlight as investors look to maximise returns in an era of lower capital appreciation.

In this report we have worked with EY to compare how property and tax costs vary across key global cities and second home markets at two price thresholds; US$1m and US$10m.

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PROPERTY MARKET OVERVIEW

As we enter a period of slower price appreciation, investors are having to scrutinize the cost of their property investments in order to maximise returns.

Over the last decade, anaemic global economic growth alongside volatile equity and fixed-income markets (the latter constrained by loose monetary policy), has meant investment in residential property across key urban hubs has been significant as investors look for stable returns and capital appreciation. Over this period these markets can be characterised by a growing imbalance between supply and demand, with capital values rising rapidly. This has put pressure on affordability and in turn the rate of price growth. In the year to December 2016 key prime global markets recorded price growth of 4.0% on average, as tracked by our Prime Global Cities Index, down from 6.8% in 2013.

In the second of our global tax reports, we have worked with EY to provide a comprehensive overview of tax and non-tax costs in 13 global city markets and nine second home markets. This report should act as a useful benchmark for investors considering international property for both income-producing purposes and those looking to compare the best value second home locations. The assumptions used, including the investment proposal and second home case, can be found on page 3.

For the purpose of this report we have looked at costs accrued when purchasing a property valued at two price points, US$1m and US$10m.
For the investment proposal the assumption is that the property is held for a five-year period before disposal and leased in the interim. The second home property is not leased, but remains vacant when not in use.

Findings

In terms of property costs, the major differences observed relate to how the property market has been structured from the outset. Where brokers are commonly used to facilitate transactions, such as in Dubai, Hong Kong, New York and Miami we find that purchase and disposal costs tend to be highest. This is also the case for markets where a notary is required, such as in Berlin and Paris.

Sydney stands out as the only location where purchase costs increase as a proportion of the year five price when comparing the two price points (US$1m and US$10m), in all other markets purchase costs either remain the same or fall. By comparison, all markets register a decline in sales costs at the US$10m price point. These trends are also apparent in the second home investment case.

In the investment property case, holding costs vary due to the wide-ranging costs associated with management fees and service charges. As a general trend, we find that these costs tend to be at a higher rate in more developed markets where factors such as health and safety regulations as well as maintenance are more defined and subject to stringent regulations.

There tends to be less volatility in non-tax costs over time compared to tax costs. The variations that we observe across our selected locations are as a result of local regulations, for example in the US a real estate brokers' rates are set by a combination of state rules and market competition.

Non-tax costs, compared to tax costs, are considerably lower as a percentage of overall costs. This trend was accentuated in 2016. Non-tax costs remained static in nearly all of the 16 markets under analysis, whilst property taxes changed in seven of them.

Although this report provides a comprehensive overview of tax and property costs when purchasing an investment or second home property, it is one of several factors investors should consider.

Investors must also take account of the global economic landscape, the level of potential demand from tenants and the impact of macro-prudential policy in the cities in which they are looking to invest. For both pure investment and second home purchases lifestyle factors such proximity to transport hubs, travel times, access to amenities and education will be the key to a successful investment in the long term. We hope this report acts as a useful guide when comparing the cost implications of such an investment.

> "This report should act as a useful benchmark for investors considering international property for both income-producing purposes and those looking to compare the best value second home locations."

THE INVESTMENT AND TAXES

WHAT ASSUMPTIONS HAVE BEEN MADE?

- An individual acquires a residential property on 1 September 2016 for either US$1m or US$10m in a foreign country.
- The property is purchased in the investor's personal name.
- The individual is not a citizen, is non-domiciled, is not a tax resident and does not intend to become a tax resident of the country where the property is located.
- The individual may spend some time in a country where the property is located in each tax year, but does not reside, set up a home or otherwise establish tax residence in the country where the property is located.
- The Individual pays tax at the top marginal rate and is not entitled to any personal allowances.
- Tax rules and tax rates throughout the period of ownership are assumed to be the same as on 1 September 2016.
- The effect of tax treaties is not considered.
- The purchase price is 100% cash financed by the individual.
- Calculations are made in local currencies and the exchange rate throughout is assumed to be as at 1 September 2016. The impact of fluctuations in exchange rates is not considered.
- For investment locations the property is rented out on the open market to an unconnected person. For second home locations, the property is not rented out at any point.
- Taxes reflect the percentage of year five sales price only (for investment property - excluding rental income)
- The property is sold on or shortly after 2 September 2021, i.e. after five full years of property ownership.
- The property is not a new development unless otherwise stated.
- No refurbishment costs are incurred and no capital improvements are made.
- Tax consequences in the home jurisdiction(s) of the purchaser must be considered separately.
- This report does not cover VAT/GST, inheritance/estate/gift taxes.
- Detailed and bespoke tax and legal advice must be obtained in each case.

PERFORMANCE

- Capital growth of 5% per annum, rental growth of 3% per annum, year one gross yield of 4%.

COSTS

- To facilitate tax calculations, non-tax costs (for example, legal fees, agency fees and other non-tax fees) were collected for each location.
- For rental income assume no deductions are made, except management costs, unless otherwise stated.

TAX HIGHLIGHTS

Our research shows that the tax burden across the **cities in this report varies considerably both in amount and extent.**

As expected, we broadly find that the tax cost of holding an investment property is higher than the tax cost of holding a second home, **usually due to taxation on rental income.**

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TAX OVERVIEW

When purchasing the property, tax is not necessarily the first concern but it is important because it is often the after-tax return that measures the success of the investment.

When an individual considers the purchase of an additional family home or an investment property, there are many factors they will take into account in deciding on the location and type of property. Tax is just one of those considerations, but usually an important one. Tax may be a determining factor for investment properties. Tax is unlikely to feature so highly in determining the location of a family home but it can influence the manner in which the purchase is financed and the ownership structure (for example, personal ownership, company, trust, foundation, etc.).

It is notable that the acquisition of a property in some jurisdictions (for example in Germany and Italy) may be enough to make the owner a tax resident there. It is important to understand the implications of this before the acquisition.

Other legal and regulatory considerations should not be overlooked. In some jurisdictions (most notably in Switzerland and Australia), there are significant legal restrictions for non-residents who wish to purchase property. Other jurisdictions (for example Dubai and Brazil) have restrictions on the location where a non-resident may purchase a property. It will be important to consider these aspects before an investment decision is made.

Our research shows that the tax burden across the cities in this report varies considerably both in amount and extent. Thus, for investment properties the tax costs range from 3.6% of the property price after five years of ownership in Dubai to 28.7% in Sydney; for a second home the range is from 3.5% in Monaco to 14.6% in Miami.

As expected, we broadly find that the tax cost of holding an investment property is higher than tax cost of holding a second home (usually due to taxation on rental income. Dubai an exception to this due to the absence of income taxes and special charges on additional family homes).

It is also interesting that while in some countries the relative/percentage tax costs are similar for both US$1m and US$10m properties (for example, in Monaco and in Berlin), in others the tax costs of holding the US$10m property are much higher than those for US$1m property (for example, in London or Paris). This is usually due to higher acquisition taxes on more expensive properties or progressive tax rates on rental income.

In a few jurisdictions, the tax costs are represented primarily by acquisition/disposal taxes levied as a percentage of the property purchase/sales price (notably in Dubai, Monaco and Barbados), while in most other jurisdictions, tax costs usually comprise:

- acquisition taxes payable when purchasing the property
- wealth and annual charges for owning and holding the property
- tax on rental income (for investment property)
- taxes on sale of the property (capital gains tax or duties on sale of the property)

Our assumptions are of particular relevance and the tax costs may vary greatly. For example we normally assume that the property is acquired in a finished state. If an off-plan property is acquired, the results may be different. In these calculations, there are some countries where there is no capital gains tax on disposal because a minimum holding period of five years was met (for example, Rome and Kuala Lumpur) and, where this is not the case, the tax burden would be different.

It is important to note that our analysis has not taken account of some taxes, such as VAT/GST or inheritance/gift taxes, nor of alternative legal structures for holding the property (for example via a special-purpose vehicle (SPV) company or a trust).

Home country taxes are also ignored. While we have assumed personal ownership of the residential properties, this might not necessarily be the most efficient from a host or investment country's tax perspective. As such we would recommend taking professional advice on the matter in each case.

The rules with respect to the taxation of residential property investments have changed recently in a number of jurisdictions covered, and we cannot expect the rules to remain static. A general observation is that the incidence of taxation on property has been increasing over time. One example of this is the UK, where capital gains tax for non-residents has been introduced and stamp duty land tax (land and buildings transaction tax in Scotland) on the acquisition of an additional property, be it an investment property or an additional family home, has increased by three percentage points.

It is important to keep abreast of property tax changes across jurisdictions. Our global private client practice regularly advises our clients on cross-border matters where it is necessary to consider more than one tax regime.

"Tax may be a determining factor for investment properties. However, tax is unlikely to feature so highly in determining the location of a family home but it can influence the manner in which the purchase is financed and the ownership structure."

KEY FINDINGS

Asia compares favourably. Hong Kong, Singapore and Kuala Lumpur register the **lowest non-tax costs at the US$1m price point**.

Non-tax costs as a proportion of year five price vary from **3.7% in Hong Kong to 17.5% in Miami** at the US$1m price point.

Sao Paulo is the only investment location where total costs increase as a proportion of year five price at the US$10m threshold. All other locations see costs remain the same or fall.

Tax costs as a proportion of year five price **range from 3.6% in Dubai to 28.7% in Sydney.**

INVESTMENT PROPERTY

US$1M PROPERTY

Assumed year five sale price = US$1,276,282

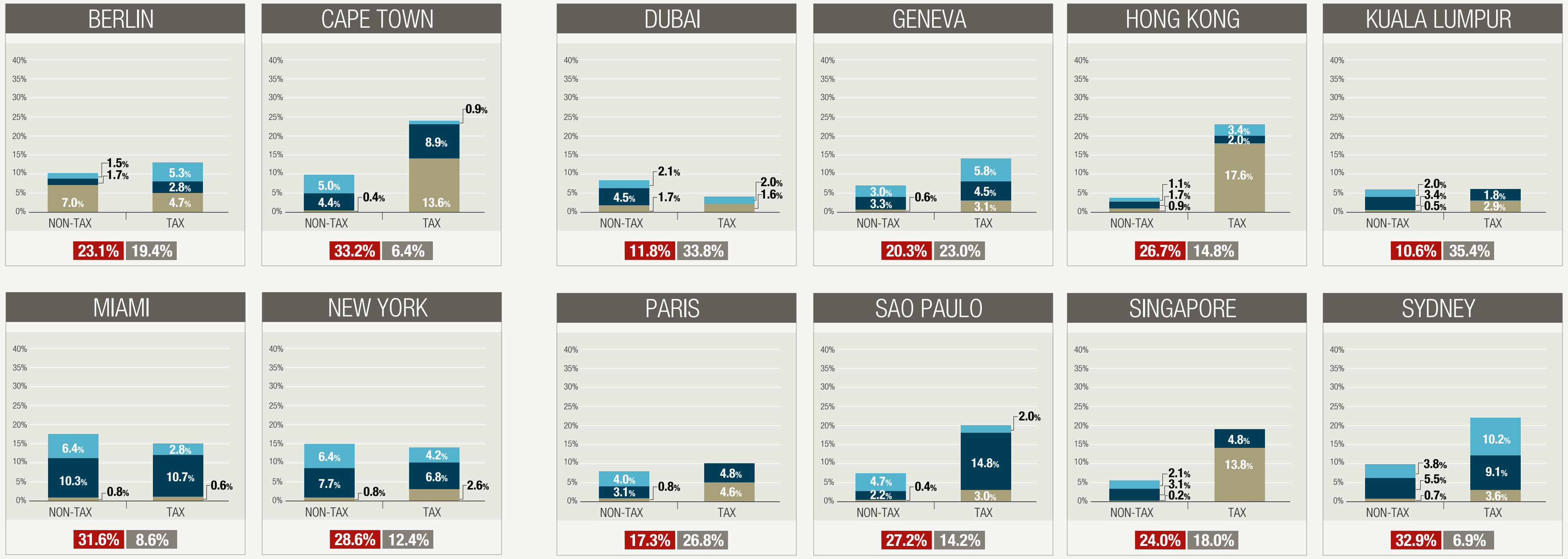
KEY

XX.X% Total Costs

XX.X% Return On Investment (ROI)

Purchase*
Holding*
Sales*

*as % of year five price
NOTE: Please note all numbers have been rounded; therefore may not equal the sum of their parts



US$10M PROPERTY

Assumed year five sale price = US$12,762,816

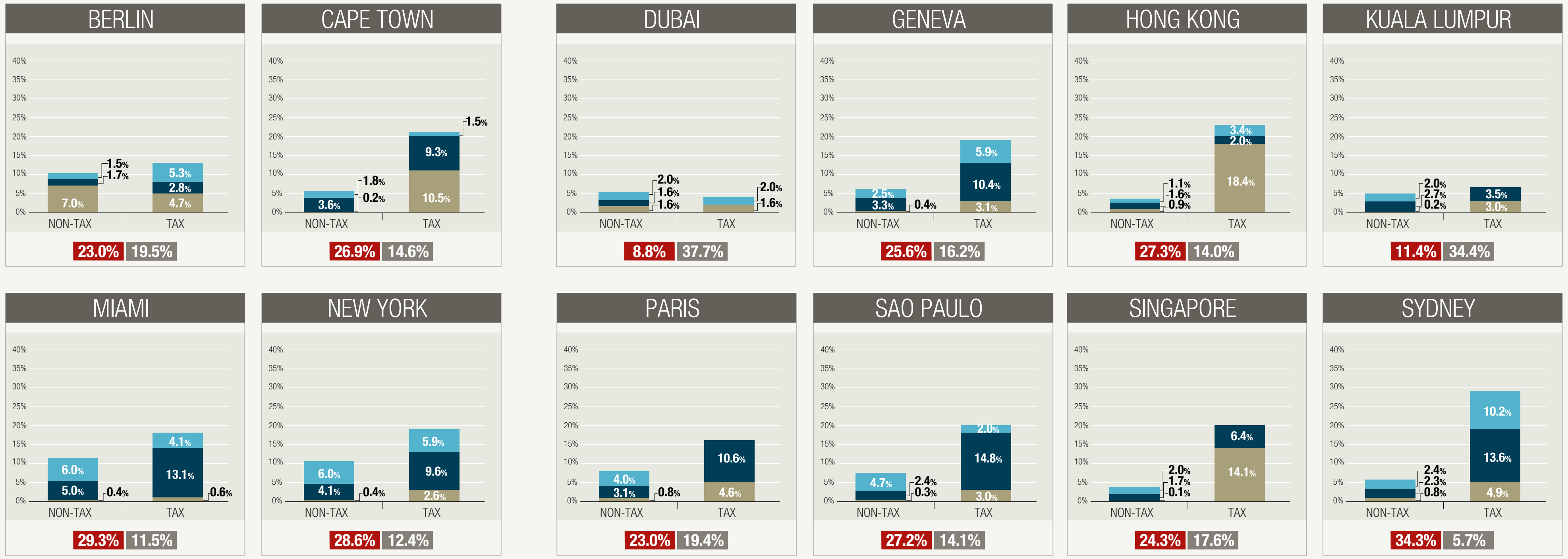
KEY

XX.X% Total Costs

XX.X% Return On Investment (ROI)

Purchase*
Holding*
Sales*

*as % of year five price
NOTE: Please note all numbers have been rounded; therefore may not equal the sum of their parts



Source: EY, Knight Frank Research, Douglas Elliman, BCZ Capital

KEY FINDINGS

In terms of second homes, **Edinburgh and Monaco boast the lowest total costs at the US$1m and US$10m price thresholds respectively.**

Due to high holding costs, **New York, Miami and Barbados register total costs above 20% of the year five price at the US$1m price point.**

Tax costs as a proportion of year five price vary from **3.5% in Monaco to 14.6% in Miami**.

Non-tax costs as a proportion of year five price vary from **2.9% in Edinburgh to 16.8% in Miami.**

Dubai registers the largest difference in total costs between the two price thresholds, falling from 19.4% at US$1m to 13.6% at US$10m.

SECOND HOME

US$1M PROPERTY

Assumed year five sale price = US$1,276,282

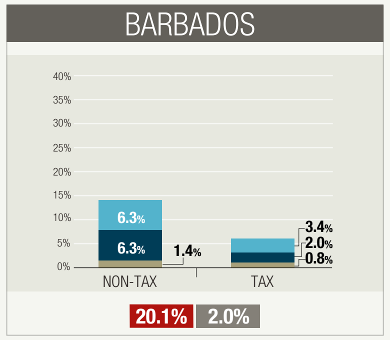
KEY

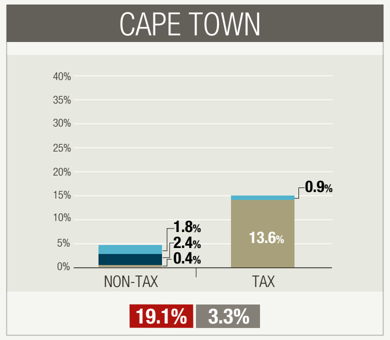
XX.X% Total Costs

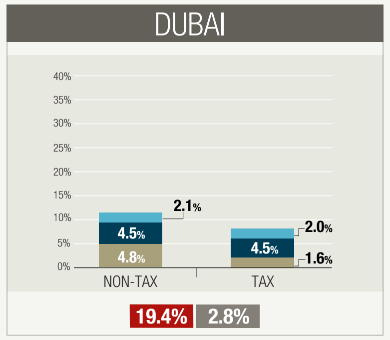
XX.X% Return On Investment (ROI)

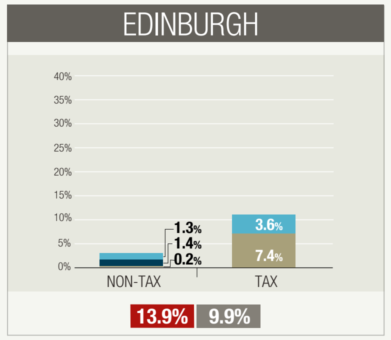
- Purchase*
- Holding*
- Sales*

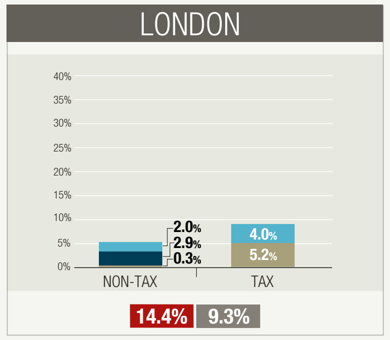
*as % of year five price
NOTE: Please note all numbers have been rounded; therefore may not equal the sum of their parts

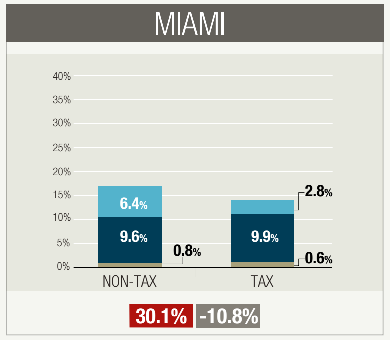


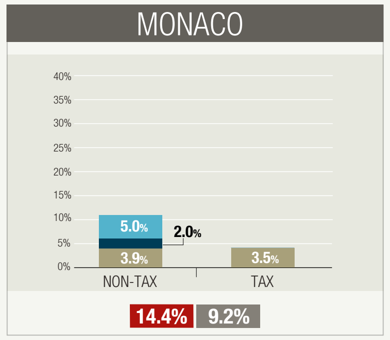


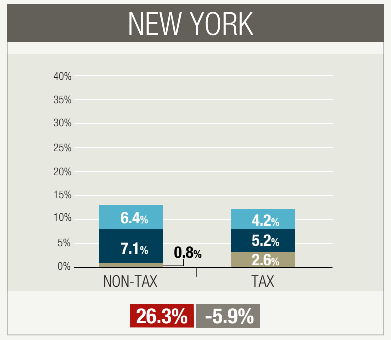


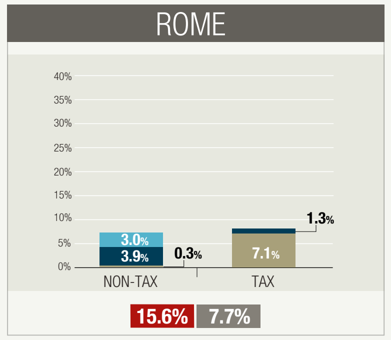












US$10M PROPERTY

Assumed year five sale price = US$12,762,816

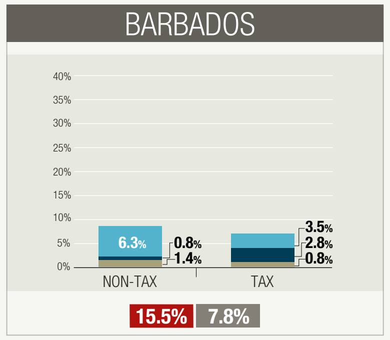
KEY

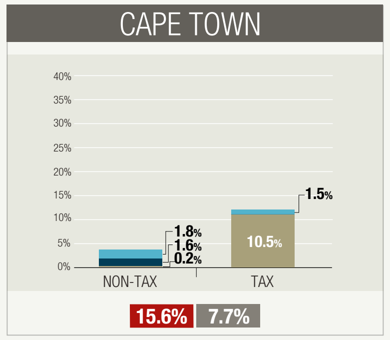
XX.X% Total Costs

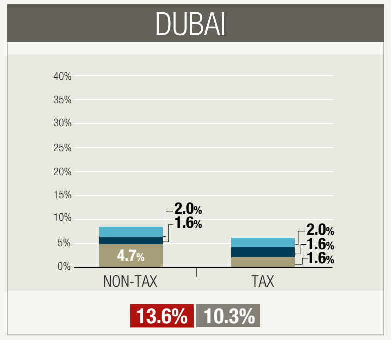
XX.X% Return On Investment (ROI)

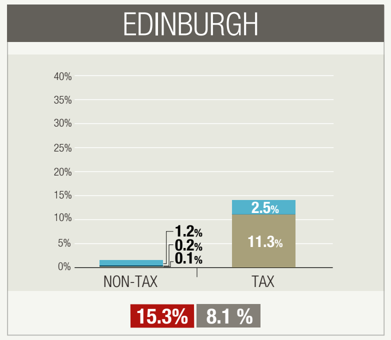
- Purchase*
- Holding*
- Sales*

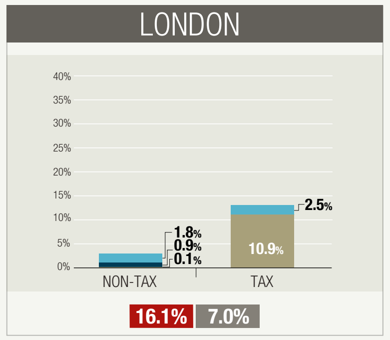
*as % of year five price
NOTE: Please note all numbers have been rounded; therefore may not equal the sum of their parts

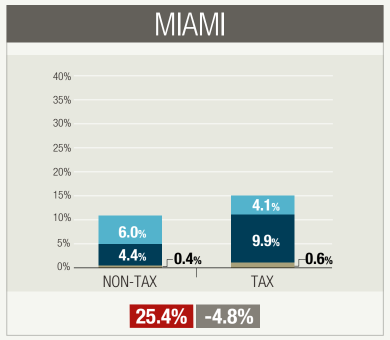


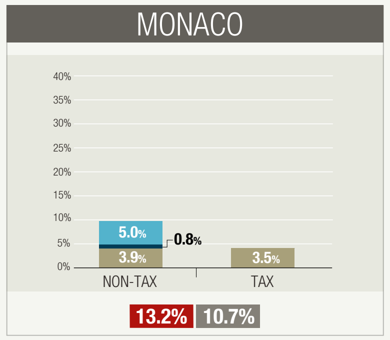


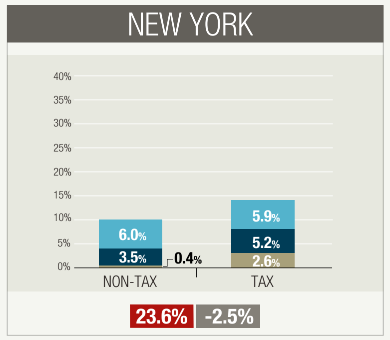


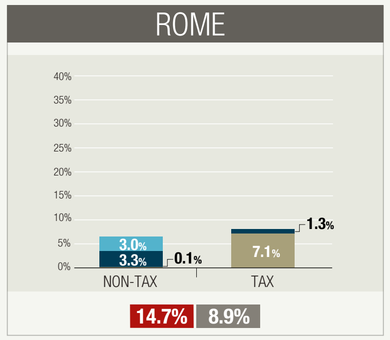












Source: EY, Knight Frank Research, Douglas Elliman, BCZ Capital

NOTES AND CAVEATS

Note: Please note all numbers have been rounded; therefore may not equal the sum of their parts

BARBADOS

Purchase Costs

- Stamp duty may be excluded as a purchase cost. However, it is included in the tax calculations.
- Legal fees are assumed to be 1.75% of purchase price.

Holding Costs

- Property taxes are included in the tax calculations.

Sales Costs

- Legal fees are assumed to be 1.75% of year five sales price.
- Agent's fees assumed to be 4.5%.

Tax Costs

- Fees on acquisition and sale are assumed to be those provided by Knight Frank.

BERLIN

Purchase Costs

- Agency fees of 5.95%, 2% registration which includes notary costs and land registry costs registration fees are paid by the buyer.
- Please note that agency fees can range from 3-6% (exc. VAT).

Holding Costs

- 20% management costs of annual rent, based on a furnished property.
- Finder's fee of two months' rent for the full five-year period.

Sale Costs

- Sales costs (Agency fee) are assumed at 1.5% of sales price.

Tax Costs

- Tax rate is for simplification purposes a marginal rate of 45% + solidarity surcharge in the amount 5.5% of German Income Tax.
- The individual is not subject to church tax in Germany.
- Rateable value is 30% of the Fair Market Value.
- No trade tax is levied on rental income.
- For rental income assume no deductions are made, except management charge and new tenancy cost.

CAPE TOWN

Holding Costs

- Management costs are assumed to be 12% of rental income and this includes the finder's fee.
- Municipality costs are assumed to be paid for by the owner.
- Agency fee set at 5% of sales price.

Tax Costs

- The property is held as a capital asset and is not considered to be trading stock.
- The property will not qualify for the CGT primary residence exclusion on sale thereof.
- The property does not qualify for any tax capital allowances e.g. for use as a hotel.
- VAT is not levied on the acquisition or sale of the property (therefore the transfer is subject to Transfer Duty).
- Fees on acquisition and sale are assumed to be those provided by Knight Frank.

Annual municipal rates vary:

- For a second home property municipal taxes are not included into the calculation.
- For an investment property municipal taxes at a rate of 1% of the value of the property are included.

DUBAI

- Finder's and management costs are paid by the owner.

Sales Costs

- Agency fee assumed at 2% of sales price.

Tax Costs

- The property is located in Dubai within one of the designated freehold areas.
- The individual is not a United Arab Emirates (UAE) national or national of another Gulf Cooperation Council (GCC) country.
- Annual rent amounts (as provided by Knight Frank) correspond to index rent rates set by the Dubai Real Estate Regulatory Authority.
- A Real Estate Transfer Fee of 4% which is in principle split equally between the seller and the buyer.

EDINBURGH

Purchase Costs

- The registration fee is payable to Registers of Scotland and it is the cost of administering the change in legal ownership.
- An average cost of £140 cost for local searches is also payable, generally to a third party search company.

Holding Costs

- Municipality costs include council tax, water charges and sewerage charges.

Tax Costs

- No principal private residence relief (exempting a capital gain on disposal of the primary residence) is available.
- Rental income: Assume no personal allowance, assume no other UK source income, assume the only deductions on holding the property are those in the Knight Frank table and apportioned pro-rata over the period of five years.
- Capital gain on disposal: Assume no CGT exempt amount is available and the whole gain is taxable at a higher rate of 28%.
- Land and building transaction tax: The purchase of the property results in the owner owning two or more properties, and the acquisition is not made to replace the owner's main residence.

GENEVA

All costs are representative of purchasing a property in the Lake Geneva area due to restrictions in place for investors purchasing property in Geneva.

Purchase Costs

- Transfer duty is excluded as a purchase cost however it is included in the tax calculations.

Holding Costs

- VAT is not included in the calculations.
- Service charge is paid by the owner.

Sale Costs

- No legal fees assumed on sale of property.

Tax Costs

- Purchase price is not less than the fair market value of the real estate.
- Tax value of the property is not less than the acquisition value.
- The notary and the register land fees are not included in the acquisition and sale fees.
- The deemed rental value is equal to the rental income and no expenses have been taken into account (conservative approach).
- Acquisition of property is possible according to the civil federal law.

HONG KONG

Purchase Costs

- Stamp duty is excluded as a purchase cost; however, it is included in the tax calculations.

Holding Costs

- Property rates (5% of estimated annual rental value) are excluded as a cost of holding property.
- US$1m property: Service charge includes insurance at HKD 1,476 with 3% annual increase.
- US$10m property: service charge: includes insurance at HKD 3,956 with 3% annual increase.

Tax Costs

- The individual has no other source of income (e.g. salaries or director's fee) derived in/arisen from Hong Kong.
- Assuming the consideration is equal to the value of the residential property.

KUALA LUMPUR

Purchase Costs

- Stamp duty is excluded as a purchase cost; however, it is included in the tax calculations.
- No VAT has been added to any costs.

Holding Costs

- New tenant is assumed every two years.
- No VAT has been added to any costs.

Tax Costs

- Malaysian tax resident, earning only rental income and assumed no personal allowance except for the fixed relief of RM9,000 for purposes of tax calculation on rental income.

LONDON

Purchase Costs

- Stamp duty is excluded as a purchase cost however it is included in the tax calculations.

Holding Costs

- Management costs of 12% per annum; this includes the cost of the finder fee at renewal too.
- Local municipality costs not included as a cost to the investor as they are the obligation of the tenant.

Tax Costs

- No principal private residence relief (exempting a capital gain on disposal of the primary residence) is available.
- Rental income: Assume no personal allowance, assume no other UK source income, assume the only deductions on holding the property are those in the Knight Frank table and apportioned pro-rata over the period of five years.
- Capital gain on disposal: Assume no goods and service tax capital gains tax (CGT) exempt amount is available and the whole gain is taxable at a rate of 28%.
- Stamp duty land tax: the purchase of the property results in the owner owning two or more properties, and the acquisition is not made to replace the owner's main residence.

MIAMI

Purchase Costs

- Costs are based on resale properties and not new developments.

Holding Costs

- Costs are based on resale properties and not new developments.
- Costs listed are based on purchasing a condominium, not a cooperative.
- State property taxes are excluded as holding costs, but they are included in the tax section of this report.

Sale Costs

- Transfer taxes have not been included in the sale costs; however, they are taken into account in the tax section of this report.

Tax Costs

- The individual is not a permanent resident of the United States.
- The individual does not work or perform services in Florida.
- The individual is not married.
- The individual's tax return filing status is single.
- No Miami property tax exemptions or abatements are available.
- The individual does not itemise his deductions and does not take a standard deduction. He does not take a personal exemption.
- Net rental income is calculated based on gross rent less the annual average of the five year holding costs provided by Knight Frank.
- No principal private residence relief (exempting a capital gain on disposal of the primary residence) is available.
- Rental contracts are to renters for use as a residence and are for periods longer than six months.

NOTES AND CAVEATS

- The individual does not earn any US or Florida source income other than income from the rental and/or sale of the property.
- Home sale gain exclusion does not apply.

MONACO

Purchase Costs

- Legal fee of 2% and registration fee of 3% of purchase price, paid by the buyer.

Sales Costs

- Please note that agency fees can range from 3-6% (exc. VAT), 5% assumed for these calculations.

Tax Costs

- The individual is married and has two dependent children.
- Rental income from the property in Monaco is not the major source of the individual's income.
- The individual is not a French citizen.
- The property is rented out unfurnished and no additional services are provided to the tenant.

NEW YORK

Purchase Costs

- Mansion Tax is excluded as a purchase cost, however, it is included in the tax calculations.
- Costs are based on resale properties and not new developments.

Holding Costs

- Costs are based on resale properties and not new developments.
- Costs listed are based on purchasing a condominium, not a cooperative.
- State property taxes are excluded as holding costs, but they are included in the tax section of this report.

Sale Costs

- Transfer taxes have not been included in the sale costs; however, they are taken into account in the tax section of this report.

Tax Costs

- The individual is not a permanent residence of the United States.
- The individual does not work or perform services in New York City.
- The individual is not married.
- The individual's tax return filing status is single for Federal and New York purposes.
- No New York property tax exemptions or abatements are available.
- The individual does not itemise his deductions and does not take a standard deduction.
- The individual does not take a personal exemption.
- The individual does not earn US or New York source income other than income from rental and/or sale of the property.
- Net rental income is calculated based on gross rent less the annual average of the five year holding costs provided by Knight Frank.
- Home sale gain exclusion does not apply.

PARIS

Purchase Costs

- Legal fees taken at around 1% of purchase price.
- Stamp duty and any wealth taxes are included in the tax calculations.

Holding Costs

- Management costs are set at 11%.
- Local municipality costs are not included as they are an obligation of the tenant.

Sale Costs

- No legal fees are assumed on sale of the property.

Tax Costs

- The individual is married and has two dependent children.
- Rental revenues from the French property do not constitute more than 50% of the individual's income.
- The property is disposed of after five full years of ownership.
- The individual is affiliated to the social security scheme of a European country on a mandatory basis.
- The property is rented out unfurnished and no additional services are provided to the tenant.

ROME

Purchase Costs

- Stamp duty may be excluded as a purchase cost. However, it is included in the tax calculations.
- Legal fees are assumed to be 1.75% of purchase price.

Holding Costs

- Property taxes are included in the tax calculations.

Sales Costs

- Legal fees are assumed to be 1.75% of purchase price.
- Agent's fees assumed to be at 4.5%.

Tax Costs

- In respect of rental income: the Non-Resident Landlord claims the alternative tax regime "cedolare secca" i.e. 21% flat tax instead of progressive taxation up to 45%.
- The individual does not have any other Italian source income
- The only deductions are those provided by Knight Frank, and apportioned pro-rata over the period of 5 years
- In respect of capital gains: the property is sold after 5 full years of ownership
- In respect of VAT: it is assumed that the seller is not an entity subject to VAT and there is no VAT under Italian tax law on acquisition/sale of the property
- It is assumed that the registration tax of EUR 200 is due
- It is assumed that the stamp duty tax of EUR 50 is due
- It is assumed that cadastral tax of EUR 50 is due
- It is assumed that so called "rendita catastale" (for the purposes of the wealth tax on property so-called IMU and TASI) equals to EUR 6,000 for the US$1m property and EUR 60,000 for the US$10m property.

SAO PAULO

Purchase Costs

- Stamp duty is excluded as a purchase cost; however, it is included in the tax calculations.
- Registration fee assumed at 0.2% of purchase price.

Holding Costs

- Service charges are paid for by the tenant for the US$1m property.
- Management costs assumed to be at 10% of rental income.
- Municipality costs are aggregated in the property tax levied in Sao Paulo and are included in the tax section of this report.
- Finder's fee assumed as one month's rent.

Sales Costs

- Agency fee set at 4.5%.

Tax Costs

- Capital gain on disposal: Whole gain (sales amount – (acquisition costs + agency fees – if paid by the landlord)) is taxable at 15%.
- No tax deductions or tax exemptions are assumed to be applicable to a non-Brazilian tax resident individual.
- Rental income: For non-residents the net income (deductions established by local law) is taxed at 15% on a monthly basis. The tax is due by the date when the landlord receives rental income. If the tax is not paid by such date, penalties and interests will apply.

SINGAPORE

Purchase Costs

- The stamp duty rate applied is that which is applicable to foreigners (non-citizens and non-Permanent Residents). However, it has been excluded as a purchase cost and included in the tax calculations.

Holding Costs

- No Goods and Services Tax (GST) has been added to any costs.

Sale Costs

- No Agency commission is incurred by the buyer when purchasing a residential property. In Singapore, Agency commission is generally incurred and paid by the seller.

Tax Costs

- For the purpose of estimating the stamp duties, we have assumed that the purchase price of the property is equal or higher than its market value.
- For the purpose of estimating the annual property tax, we have assumed that the gross annual rental income is the annual value of the property.

SYDNEY

Purchase Costs

- Stamp duty is excluded as a purchase cost; however, it is included in the tax calculations.

Holding Costs

- Includes the Federal Investment Review Board (FIRB) Application Fee payable by foreign investors when applying to purchase a residential property in Australia.
- No Goods and Services Tax (GST) has been added to any costs.
- Municipality rates are payable for community services and maintenance. A rate of 3.5% was added each year in line with previous growth per annum, these are paid for by the owner.
- New tenant is assumed each year.

Tax Costs

- All calculations are made on the assumption the purchase is an existing home, but we understand that foreign investors may only purchase new developments.
- Taxes on acquisition are assumed to be stamp duty in the state of New South Wales, inclusive of mortgage and transfer costs.
- Fees on acquisition and sale are assumed to be legal fees, agency fees and other non-tax fees.
- Property is residential in nature; therefore it is assumed that no GST is required to be remitted to the Australian Taxation Office on rental income.
- Land tax calculated assuming property in the state of New South Wales, based on threshold for 2017 year, including the 0.75% foreign resident surcharge. Further, it has been assumed that no concessions or exemptions are applicable (e.g. principal place of residence exemption), such that land tax has been calculated in relation to each scenario.
- Land tax calculations are estimates only, assuming that land value represents 70% of the overall property value in Year one.
- For rental income assume no deductions are made, except management costs, finder's fees, service charges & local municipality costs.

EY

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