



Property Buyer's Guide

*for New Zealander's
living in Australia*





About Lucia Xiao & the Finax team

Moving from New Zealand to Australia is exciting, but when it comes to buying a home, the rules here can feel like a whole new language. Stamp duty, tax residency, lending criteria... it's a lot to wrap your head around. That's why I created this guide, and why I'd love to help you personally.

I'm Lucia Xiao, and my passion is helping Kiwis living in Australia make smart, confident property decisions. I've been through the process myself, and I know how overwhelming it can feel. My job is to make it simple for you. Here's how we can help:

- **Sorting your NZ properties:** Not sure what to do with your New Zealand homes? I'll walk you through the options and connect you with our partner Auckland-based mortgage advisers for any lending needs.
- **Buying in Australia:** As a mortgage broker here in Australia, I'll help structure your loan properly so you don't get caught out by costly mistakes.
- **Finding the right property:** Looking for an investment across Australia, or your family home in Sydney? I work with trusted property consultants to help you secure the right place at the right price.
- **Trusted advice, without the jargon:** I'm not a tax expert, but I've got great accountants and lawyers in my network who can step in when specialist advice is needed.
- **Bilingual support:** Whether you're more comfortable in English or Mandarin, I'll explain things clearly and make the process stress-free.

Most importantly, I'll be in your corner, helping you understand your options and giving you the confidence to move forward. Book your free 20-minute consultation today, and let's chat about the best way to get you into your new home in Australia.

1.

Sort Out Your New Zealand Properties *Before becoming an Australian Tax Resident*

Deciding whether to sell or keep your New Zealand property is a critical first step. Once you become an Australian tax resident, the Australian Taxation Office (ATO) will tax your worldwide income, including any rental income and future capital gains from your NZ property.

- **If you plan to sell, do so before becoming an Australian tax resident.** The ATO assesses capital gains based on the contract date, not the settlement date.
- **If you decide to keep the property, obtain a formal market valuation before the date you become a tax resident.** This valuation establishes the cost base for Australian capital gains purposes, meaning only any gain after this date may be taxable in Australia when you eventually sell.

It is crucial to discuss your situation with a cross-border accountant to determine the optimal timing and strategy for your move. Some individuals use a trust with a New Zealand-based corporate trustee to manage assets, but this is a complex area with significant implications, and professional advice is essential.



2.

Choose your *Ownership Structure* early

Unlike in New Zealand, where it may be straightforward to change the purchaser after a contract is signed, altering ownership details in Australia after exchange can trigger significant additional stamp duty, known as "sub-sale duty." Therefore, it is critical to decide on the appropriate ownership structure before you sign the contract. Here are the most common ownership structures:

Personal or Joint Ownership:

This is the most common and simplest option, often used for owner-occupied homes. Ownership is held in the name of one or more individuals, and it is a straightforward structure for couples, family members or friends purchasing a home together.

Trust:

A trust is a legal arrangement where a trustee holds the property for the benefit of one or more beneficiaries. This structure can provide asset protection, flexibility in distributing income, and potential tax benefits, but it involves more complex legal requirements.

Company:

This involves a legally registered company purchasing and owning the property. A company provides limited liability for its directors and shareholders, but it is subject to corporate tax rates and requires more formal administration and compliance.

Self-Managed Super Fund (SMSF):

This allows you to use your superannuation funds to invest in a property, provided strict rules are followed. It can offer significant tax benefits on rental income and capital gains, particularly in the retirement phase, but it is a highly regulated and specialised structure.



3.

Secure your *Pre-Approval*

Once you have confirmed your chosen ownership structure (e.g., personal, trust, or company), the next critical step is to apply for a conditional loan approval, commonly known as a "pre-approval." This process is essential for two key reasons: it definitively sets your borrowing capacity and significantly strengthens your position as a buyer.

- **Establish your budget:** A pre-approval from a lender provides a clear and accurate assessment of the maximum amount you are eligible to borrow. This allows you to focus your property search on homes within a realistic price range, saving you time and preventing disappointment.

The role of a Mortgage Broker:

Working with a mortgage broker is highly recommended. As they are paid by the lender, a broker can compare a wide range of loan products from multiple financial institutions to find the best fit for your needs, saving you significant time and helping to navigate the lending criteria for new residents.

4.

Property Search & Due Diligence Tools

Property Search & Listings Portals:

These websites are the primary places to find properties for sale and rent across Australia.

- **realestate.com.au:** The largest and most comprehensive property portal in Australia. It is the go-to site for buyers and provides extensive listings, photos, and agent contact information.
- **domain.com.au:** The other major player in the market. Checking both platforms is essential to ensure you don't miss any listings.
- **hougarden.com.au:** A bilingual platform that has expanded from New Zealand into the Australian market, making it particularly useful for Mandarin-speaking buyers.

Property Due Diligence & Data Tools:

These tools provide the data you need to research a property's value, history, and market context before making an offer.

- **property.com.au:** Provides free property research tools with value and rental estimates, sales history, zoning and school information, overlays, and suburb insights.
- **propertyvalue.com.au:** A tool that provides estimated property values, recent sales data for comparable properties, and historical information.

For those looking for investment properties, there are more in-depth, subscription-based tools that provide granular data on demographics, rental yields, and future growth forecasts.

5.

Understand the *Costs of Buying*

Beyond the purchase price, there are a number of significant costs associated with buying property in Australia. It is essential to budget for these from the outset.

Upfront Costs

- **Stamp Duty (Transfer Duty):** This is a state-based tax on the transfer of a property and is one of the largest upfront expenses. The amount varies significantly depending on the state and the property's value.
- **NSW Surcharge Duty:** New Zealand citizens may be exempt from this surcharge if they hold a Special Category Visa (SCV, subclass 444) and meet the "200-day residency test" at the contract date. Always verify the current rules.
- **Queensland AFAD:** NZ citizens holding an SCV are not liable for the Additional Foreign Acquirer Duty (AFAD) on residential property purchases in Queensland.
- **Legal & Conveyancing Fees:** These cover the costs for a lawyer or conveyancer to manage the legal aspects of the property transfer.
- **Building & Pest Inspections:** A crucial cost for due diligence, these inspections are conducted to identify any major structural defects or pest problems before you commit to the purchase.
- **Lender's Fees:** This can include loan application fees, valuation fees, and Lender's Mortgage Insurance (LMI) if your deposit is less than 20% of the property's value.

Ongoing Costs & Taxes

- **Land Tax:** This is a state-based tax on the value of land you own. While owner-occupied homes are generally exempt, it is a key cost for investment properties.
- **Strata/Body Corporate Fees:** If you purchase an apartment, unit, or townhouse, you will be required to pay ongoing fees to a strata/body corporate. These cover the maintenance of common areas, building insurance, and a sinking fund for major future repairs.
- **Council Rates:** A local government tax paid annually or quarterly to cover services like waste management, public infrastructure, and local parks.

Ongoing Costs & Taxes

- **Owner-occupied homes** are generally exempt from **Capital Gains Tax (CGT)** under federal "main-residence" rules when you sell them. In contrast, **investment properties** are not exempt and will be subject to CGT.





6.

Using KiwiSaver for an *Australian Home*

You can use your KiwiSaver balance to help fund your first home purchase in Australia, but the process has specific rules and requires careful planning.

- 1. Transfer Your KiwiSaver Balance:** You can transfer your entire KiwiSaver balance to an Australian Prudential Regulation Authority (APRA)-regulated superannuation fund that accepts such transfers. Note that you must transfer the full balance, not just a portion, and only a limited number of Australian funds accept these transfers.
- 2. Access Funds via FHSS Scheme:** Once transferred, these funds are treated as "voluntary contributions" to your Australian superannuation account. This makes them eligible for the **First Home Super Saver (FHSS) scheme**, which allows you to save for a home deposit within your super fund and benefit from the tax advantages of the superannuation system.

Withdrawal Rules: The FHSS scheme lets you access up to \$15,000 of eligible voluntary contributions per financial year, with a maximum of \$50,000 in total, plus associated earnings. You must first request a formal FHSS determination from the ATO before applying to release your savings, and it's important to have this in place **before signing a property contract to avoid delays or losing access to the scheme.**

7.

First Home Buyer Schemes & Grants

New Zealand citizens on a Special Category Visa (subclass 444) are treated as permanent residents for the purpose of accessing most state-based first-home buyer grants and stamp duty concessions. However, it is essential to be aware that the specific eligibility criteria, grant amounts, and property value caps vary significantly across each state and territory, and these rules can change. You must always check the relevant state government's website for the most current information.

8.

Credit & Borrowing Tips

Lenders will assess your financial behaviour before granting a loan. To maintain a strong credit file:

- **Avoid unnecessary credit applications.** Each one leaves a mark on your file and can negatively affect your score.
- **Be cautious with "Buy Now, Pay Later" (BNPL) accounts.** Lenders consider them a form of debt that can reduce your borrowing capacity.
- **Pay all bills on time** to maintain a clean credit history.
- **Maintain clean credit** repay your car loan, reduce your credit card limit to improve your borrowing ability, talk to your mortgage broker for assistance

Lender Restrictions

Be aware that some lenders may have specific restrictions on certain suburbs or postcodes. This can result in a requirement for a larger deposit or a higher interest rate, as a lender's risk assessment of a particular area may differ. It is important to discuss this with your mortgage broker early in the process.

9.

Key Differences in *Property Hunting*

The process of finding and purchasing a property in Australia has some key differences from New Zealand, particularly in how properties are inspected and sold.

Open Homes & Inspections

Sydney agents typically conduct inspections on Saturdays and midweek. It is essential to be proactive and make time for inspections on these days.

Buying Methods

Understanding the sales method is crucial, as each has different legal implications.

- **Auctions:** Similar to New Zealand, auctions in Australia are unconditional. Due diligence, including building and pest inspections and a full contract review by your solicitor, must be completed before the auction day.
- **Private Treaty:** This is the equivalent of "Price by Negotiation" in New Zealand. Unlike NZ's conditional contracts, this process includes a cooling-off period for due diligence, which varies by state. However, if you withdraw your offer during this time, you may forfeit a penalty fee (e.g., 0.25% of the purchase price in NSW). A buyer can also choose to waive their right to this period, making their offer unconditional.
- **Price Guide:** In NSW, you'll often see a price guide for properties going to auction. This figure is based on recent comparable sales, but in practice, most homes sell 10–15% above the guide in a competitive market. Treat the guide as an indication, not a guarantee, and plan your budget with this in mind.

Using a Buyer's Agent

Working with a buyer's agent is a common practice in Australia and is very different from the New Zealand model. A buyer's agent represents your interests, helping you find a property, negotiate the price, and secure the sale. Unlike in New Zealand, where listing agents may split their commission, you directly pay a fee to your buyer's agent for their service. Their expertise can save you time and provide a strategic advantage, especially in a fast-moving market.



10.

Using a Self-Managed Super Fund (SMSF) to buy investment property

Unlike KiwiSaver, Australia's superannuation system allows for a Self-Managed Super Fund (SMSF) to buy an investment property. This is a complex strategy with significant benefits and risks.

Key Benefits

- **Tax Advantages:** Rental income is taxed at a low concessional rate (currently 15%). Capital gains can be discounted to 10% and may even be tax-free if the fund is in the retirement phase.
- **Specialised Loans:** SMSF loans are assessed on the fund's cash flow, including rental income and contributions, not your personal income.

Important Rules:

- The property must satisfy the "sole purpose test," meaning it's only for retirement benefits. You cannot live in it or rent it to a related party.
- You cannot borrow against the property's equity for other investments.
- Contributions to your fund are subject to strict annual caps.

Given the complex rules and compliance requirements, it is essential to seek professional advice before considering this strategy.



11.

Selling your Australian property

If you are a New Zealander selling an Australian investment property, there are a number of key considerations, particularly around tax and the sales process.

Tax Implications and the ATO

- **Capital Gains Tax (CGT):** Any capital gain on the sale of your property will be subject to CGT, unless it is your genuine principal place of residence. It is highly recommended that you discuss the sale with an Australian accountant before listing the property, as they can advise on the ideal timing to minimise your tax liability for a given financial year.
- **Foreign Resident Withholding Tax:** This is a crucial point for any Australian resident for Australian tax purposes. As of January 1, 2025, if you do not provide a valid ATO clearance certificate at settlement, the buyer is legally required to withhold 15% of the total sale price and remit it to the Australian Taxation Office (ATO). The onus is on you, the vendor, to obtain this certificate well in advance to ensure a smooth settlement. Any amount withheld can be claimed back when you file your Australian tax return.

The Selling Process

- **Marketing and Strategy:** While properties are often sold via auction, real estate agents may first conduct an "off-market" campaign, approaching a list of pre-qualified buyers. This can be an efficient way to sell without a full marketing campaign.
- **Marketing Costs:** Marketing fees vary significantly by location and the campaign's scope. For example, a high-end marketing campaign in a prominent area like Sydney's Eastern Suburbs can cost considerably more than a standard campaign in Western Sydney.

For a seamless sale, engage a real estate agent and a tax professional with experience in handling property sales for non-resident or recently-resident vendors.



This guide has provided an essential overview for Kiwis buying property in Australia. From navigating tax residency and ownership structures to leveraging KiwiSaver for a deposit and understanding key differences in the sales process, careful planning is crucial. For personalised solution tailored to your specific situation, I look forward to hearing from you.

Disclaimer

This guide is for general education only and is not legal, financial, or tax advice. Rules differ between states and may change. Always obtain independent professional advice before acting on any information in this guide.

Lucia Xiao (Ambler)

Mortgage Broker | Buyer's Agent | Property Mentor



Email: lucia@finaxmortgages.com.au



AU: 0478 248 508 | **NZ (WhatsApp):** +64 27 279 8358



finaxmortgages.com.au | finax.co.nz

