



Real Estate Institute of Australia
16 Thesiger Court | PO Box 234, Deakin ACT 2600
Phone 02 6282 4277 | Fax 02 6285 2444
www.reia.com.au | reia@reia.com.au

7 July 2014

Ms Kelly O'Dwyer MP
Chair, Standing Committee on Economics
PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600

Dear Ms O'Dwyer,

Thank you for taking the time to meet with REIA on 26 June 2014 to discuss developments in the Inquiry into Australia's Foreign Investment Policy as it Applies to Residential Real Estate. REIA undertook to investigate which countries applied fees to real estate purchases by foreigners and the level of those fees.

The table below summarises the fees payable by foreigner buyers in other countries where they are applicable.

COUNTRY	PERCENTAGE OF HOUSE PRICE ¹
Hungary	0.53
Poland	0.25
Singapore ²	0.19
Switzerland	0.05
Austria	0.02-0.05

¹ approximate figures

² must be permanent resident at time of application

The details behind the summary are provided in the attachment.

As can be seen, few countries apply fees and the fees range from 0.05% in Switzerland to 0.53% in Austria.

If an approximate midpoint fee of 0.25% was applied to the average price of purchases, as contained in the Foreign Review Board's Annual Report of 2012/13, the fee payable by temporary residents for established housing would be \$2,660.00 and for foreign buyers of new housing, \$1,618.00.

I trust this assists with your considerations in this important inquiry. Please do not hesitate to contact me if you require any further assistance.

Yours faithfully,

Amanda Lynch
Chief Executive Officer
Real Estate Institute of Australia

cc: Committee Secretary
Standing Committee on Economics
PO Box 6021
Parliament House
Canberra ACT 2600

ATTACHMENT**DETAILS OF FEES APPLICABLE TO FOREIGN BUYERS IN OTHER COUNTRIES****Hungary**

The duty on proceedings initiated for obtaining the permit necessary for the purchase of real estate property by a foreign legal or natural person shall be 50,000 forints for each property involved. A person with the right of free movement and residence or with permanent resident status, and with a petition for citizenship pending shall be required to pay a duty of 10,000 forints for the proceedings to obtain the permit necessary for the acquisition of residential property (*source: Nagy és Trócsányi, www.nt.hu*).

AVERAGE PRICE PER SECOND HAND DWELLING, HUF MILLIONS								
	Detached		Condominium		Housing Estate		Total	
	2012	Q1-Q3 2013	2012	Q1-Q3 2013	2012	Q1-Q3 2013	2012	Q1-Q3 2013
Central Hungary	17.9	17.2	13.9	13.2	9.2	9.1	14.1	13.3
Central Transdanubia	10.2	9.5	7.5	7.4	6.2	6.0	8.8	8.3
Western Transdanubia	9.7	9.7	9.5	9.6	7.9	8.1	9.5	9.6
Southern Transdanubia	7.2	7.1	8.4	8.3	6.8	6.5	7.5	7.3
Northern Hungary	5.3	5.2	6.9	6.4	5.2	4.6	5.6	5.3
Northern Great Plain	5.7	5.7	8.5	8.1	7.7	7.6	6.6	6.5
Southern Great Plain	5.3	5.7	8.1	7.9	6.0	5.9	6.3	6.5
Hungary (whole)	9.1	8.7	11.3	10.7	7.7	7.6	9.9	9.4

Source: KSH

Fee as a percentage of house price

$$50,000/9,400,000*100 = 0.53\%$$

Poland

The application is free of charge. The fee for permission (i.e. for the consent to acquire real estate) is 1,578 PLN (approximately 390 EUR).

In Poland the prices for dwellings are calculated based on a price for square meter. The system of pricing for dwelling based on the description: one bedroom, two bedroom, three bedroom, etc. plus living room, study and so forth, like in UK for example, doesn't exist. The approximate areas of dwellings are as follows: (i) one bedroom - 30 sq.m. (ii) two bedroom - 50 sq.m. (iii) three bedroom - 75 sq.m. (iv) four bedroom - 100 sq. meters (source:

Wardyński & Partners, www.wardynski.com.pl).

Buy Apartment Price

Price per Square Meter to Buy Apartment in City Centre
Price per Square Meter to Buy Apartment Outside of Centre

[Edit] Avg.

7,383.06 zł
5,189.67 zł

5,000.00 10,000.00
4,000.00 6,500.00

Source: <http://www.numbeo.com>

Fee as a percentage of house price

$$1,578 / (7,383 * 85) * 100 = 0.25\%$$

Denmark

In Denmark, there is no application fee towards the Danish Ministry of Justice when foreign buyers apply for approvals (source: *Kromann Reumert*, www.kromannreumert.com).

Cyprus

There are no charges or fees raised by the Republic of Cyprus for the processing of an application by a third country national to obtain permission to register in the applicant's name, the title deed to an immovable property located in the Republic of Cyprus (source: *Dr. K. Chrysostomides & Co LLC*, www.chrysostomides.com.cy).

Singapore

All foreign persons intending to purchase restricted residential property, i.e., landed property (including strata-landed property which is not comprised in approved condominium development) are required to obtain Government approval pursuant to the Residential Property Act prior to the purchase. They must be permanent residents of Singapore at the time of application. They are required to submit their application and pay a processing fee of \$900 (source: *Singapore Land Authority*, <http://www.sla.gov.sg>).

Median Resale Prices by Town and Flat Type for Resale Cases Registered in 1st Quarter 2014

Town	1-Room	2-Room	3-Room	4-Room	5-Room	Executive
Ang Mo Kio	-	*	\$345,000	\$482,000	*	*
Bedok	-	*	\$332,000	\$446,000	\$559,000	*
Bishan	-	-	*	\$509,000	*	*
Bukit Batok	-	-	\$320,000	\$425,300	*	*
Bukit Merah	*	*	\$393,000	\$650,900	\$759,000	-
Bukit Panjang	-	-	*	\$409,000	\$470,000	*
Bukit Timah	-	-	*	-	*	*
Central	-	*	*	*	-	-
Choa Chu Kang	-	-	*	\$411,000	\$490,500	*
Clementi	-	*	\$350,000	\$517,500	*	-
Geylang	-	*	\$301,900	\$520,000	*	*
Hougang	-	-	\$348,500	\$440,000	\$550,000	\$685,000
Jurong East	-	*	\$331,000	\$439,000	*	*
Jurong West	-	-	\$318,900	\$412,300	\$490,000	\$568,000
Kallang/Whampoa	-	*	\$345,000	\$530,000	*	*
Marine Parade	-	-	*	*	*	-
Pasir Ris	-	-	*	\$440,500	\$510,000	\$650,000
Punggol	-	-	-	\$475,500	\$515,000	*
Queenstown	-	*	\$369,000	\$690,000	*	-
Sembawang	-	*	-	\$410,000	\$473,000	*
Sengkang	-	-	*	\$450,000	\$498,000	*
Serangoon	-	*	\$355,500	\$475,000	*	*
Tampines	-	-	\$365,000	\$457,400	\$550,000	*
Toa Payoh	-	*	\$340,000	\$536,500	*	*
Woodlands	-	*	\$300,000	\$390,000	\$460,000	\$628,000
Yishun	-	-	\$318,000	\$386,500	*	*

Source:

<http://www.hdb.gov.sg/fi10/fi10321p.nsf/w/BuyResaleFlatMedianResalePrices?OpenDocument>

Fee as a percentage of house price

$$00/474,060 * 100 = 0.19\%$$

Switzerland

Whereas foreign investments in Swiss real estate and in particular the acquisition of residential properties by non-Swiss residents are mainly governed by a federal law (so-called "Lex Koller"), there are additional cantonal rules, including rules governing the fees relating to Lex Koller matters.

Since Switzerland consists of 26 Cantons (states), it's impossible to provide just one tariff that applies. In addition, the permit fee depends on the complexity of a particular case and on the amount of related work for the authority.

As a rule of thumb, fees for Lex Koller authorizations usually amount between CHF 300 and 3'000. For a straight forward acquisition of a vacation home for instance, the fee might be rather at the lower end of this range (*Source: PESTALOZZI, www.pestalozzilaw.com*).

Buy Apartment Price

	[Edit] Avg.
Price per Square Meter to Buy Apartment in City Centre	9,041.37 Fr.
Price per Square Meter to Buy Apartment Outside of Centre	7,174.07 Fr.

Source: <http://www.numbeo.com>

Fee as a percentage of house price

$$300 / (7,174.07 * 85) * 100 = 0.05\%$$

Austria

Irrespective whether an Austrian citizen or an EU / EEA resident or a foreigner (non EU/EEA resident) purchases real estate in Austria a land transfer tax („Grunderwerbsteuer“; basically 3,5 percent of the value of the real estate) and an entry fee for being registered in the Austrian land register („Eintragungsgebühr“; basically 1,1 percent of the value of the real estate) becomes due.

Additionally, if the purchaser is a foreigner (non EU/EEA resident) the approval of the land transfer authorities needs to be obtained.

Austria consists of nine federal states which have the legislative power to issue laws on the transfer of land to foreigners / transfer of agricultural land. Therefore, also the administrative fees for obtaining the approval of the land transfer authorities are subject to the local law of each federal state.

E.g. in the federal state of Vienna the administrative fee for obtaining the approval of the land transfer authority is about EUR 130,00 (i.e. usually a very small amount compared to the land transfer tax and the entry fee) (*Source: CHSH Cerha Hempel Spiegelfeld Hlawati, www.chsh.com*).

Buy Apartment Price

[Edit] Avg.

Price per Square Meter to Buy Apartment in City Centre

7,215.75 €

Price per Square Meter to Buy Apartment Outside of Centre

3,381.25 €

Source: <http://www.numbeo.com>

Fee as a percentage of house price

$$130/(7215.75*85)*100 = 0.02\%$$

$$130/(3381.25*85)*100 = 0.05\%$$