



# Foreign Resident Capital Gains Withholding Tax

College Chronicle  
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# Foreign Resident Capital Gains Withholding Tax

In 2016, the requirement for vendors to obtain a Capital Gains Tax Withholding (CGTW) certificate was introduced.

**Changes have now been made to the Foreign Resident Capital Gains Withholding (FRCGW) regime.**

Previously, for properties with a market value of \$750,000 or more, a buyer needed to withhold 12.5% of the purchase price and pay such monies to the Australian Taxation Office (ATO) on or before settlement, unless the Vendor has obtained a Clearance Certificate from the ATO (Taxation Administration Act 1953 (Cth) – Subdivision 14D).

MOST IMPORTANTLY, the changes that have been introduced as of 1 January 2025 are:

- The rate for purchasers to withhold and send to the ATO, if the vendor has not obtained the Clearance Certificate, has increased from 12.5% to 15%.
- The threshold of properties that sell at or above \$750,000 has been removed. The requirement for vendors to obtain the Clearance Certificate now applies to all property sales.

This means that the solicitor/licensed conveyancer who is acting for the vendor:

1. must apply for a clearance certificate irrespective of the value of the property, and

2. provide it to the purchaser (or their legal representative) before settlement of the property.

If the legal representative acting for the purchaser has not been provided with a Clearance Certificate from the vendor or their legal representative prior to settlement, then irrespective of the value of the property, 15% of the sale price must be withheld by the purchaser's legal representative and forward to the Australian Tax Office.

Whilst it is most definitely the vendor's legal representative's responsibility to discuss this issue with their client (your vendor) and organise for the Clearance Certificate to be obtained from the ATO, I suggest that it would be best practice as a professional agent to include this point in your listing presentation and remind your vendor/s to make this a point of discussion with their legal representative. This will ensure that the Clearance Certificate is provided to the purchaser's legal representative prior to settlement of the property and it won't be an issue that holds up the transfer of ownership of the property. There is certainly no harm in making every attempt to make the sales process smooth and timely.

[Rosy Sullivan](#)  
[Director | College Principal](#)

# From the office

With the Christmas and New Year holiday season, it's been over a month since our last newsletter. We are hoping that everyone had a chance to have a break and relax a little in preparation for an exciting 2025. We hope that your goals for the year ahead have been well planned and the implementation has begun. Good luck with whatever it is you have set as your focus for this coming year.

We reopened at the College on 6 January, and commenced the year as only ACOP can, with two, yes two, cakes. We had one for Monique who had celebrated her birthday on New Year's Eve and a separate one for Jonno who had celebrated his birthday on New Year's Day – we are definitely not into having a shared cake. And then on day 2 in the office, we had yet another cake to celebrate Brie's birthday... oh yes, and then another one this last Monday to celebrate Jo's birthday. All our January birthdays are now complete and we will have a short break until the February ones are here. It took us all a few days to get back into the rhythm of working again this year, as we had all enjoyed a great break with some of the team holidaying in South Korea, Indonesia, Cambodia, Vietnam and lots of short breaks and beach trips around NSW for others.

Our training courses recommenced for the year on Monday 13 January with an entry level Certificate of Registration class, a licence level Trust Accounting module and a Property Management module and large CPD classes for Salespeople and another for Strata Managers. What a week to kick off the training year. Next week the trainers start travelling around the regional areas of NSW (Moree and Mudgee for starters) conducting CPD classes, so make sure you look out for when they will be in your area, and get your CPD completed by attending a face-to-face class (the easiest and most interactive way of undertaking your regulatory requirement). [Check out our calendar for locations and dates.](#)



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