



Policy Fact Sheet

Build-to-Rent Tax Concessions – Income Limits

Background

In the 2023-24 Budget, the Government committed to consulting on certain implementation details in relation to this measure, including whether a minimum proportion of dwellings should be offered as affordable tenancies.

Affordable tenancies

Further to that commitment it is proposed that a minimum of 10 per cent of the dwellings in a build-to-rent development should be categorised as affordable dwellings. This means the owner of the development must offer those dwellings to tenants on a discount to market rent.

Proposed section 43-152 of the draft bill sets out the requirements that will apply to a build-to-rent development to enable the tax concessions to apply.

The discounted rent must be 74.9 per cent or less of the rent payable on a dwelling of an equivalent size and standard located in the same build-to-rent development (ss. 43-152(3)(d)(i) and (ii)).

Eligible tenants

In addition to the eligibility criteria contained in the exposure draft legislation income limits will apply in determining if tenants are eligible for occupying affordable build-to-rent dwellings.

These income limits will be given effect via regulation, as set out in proposed section 43-152(4) of the draft legislation.

The income limits are set as a percentage of annualised average weekly earnings as calculated by the Australian Bureau of Statistics (ABS) and depends on household composition as follows:

1. Single adult: earning 120 per cent of annualised average weekly total earnings.
2. Couple, no dependants: earning 130 per cent of annualised average weekly total earnings.
3. Family, one or more adults and one or more dependants: earning 140 per cent of annualised average weekly total earnings.

Average earnings refer to 'Full time adult average weekly earnings - original' as reported by the ABS – not 'seasonally adjusted' and not 'trend'. This is a gross (before tax) figure. This data

point is typically released in May and November every year. [As at November 2023, the figure is \\$1,958.](#)

The current limits based on November 2023 data are in the table below:

Household Composition	Income limit
Single adult	\$122,179
Couple, no dependant	\$132,361
Family, one or more adults with one or more dependants	\$142,542

In applying these thresholds an owner of a build-to-rent development will be required to assess initial and ongoing tenant eligibility. To be eligible, a tenant must meet the household income limits to be set out in the regulations.

To obtain initial eligibility and maintain ongoing eligibility a tenant is required to:

- Provide evidence of gross income for the past 12 months to the owner of the build-to-rent development or their tenancy manager (for each year of tenancy).
- Sign a tenancy agreement.
- Complete and sign a form similar to the Tenant Consent Form approved under the National Rental Affordability Scheme upon entering a build-to-rent dwelling, and at each anniversary of entering the dwelling.

The owner of the build-to-rent development will be required to provide the form to the Australian Taxation Office as part of its build-to-rent reporting requirements.