



# Property Matters Seminar

March 2026

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# Welcome

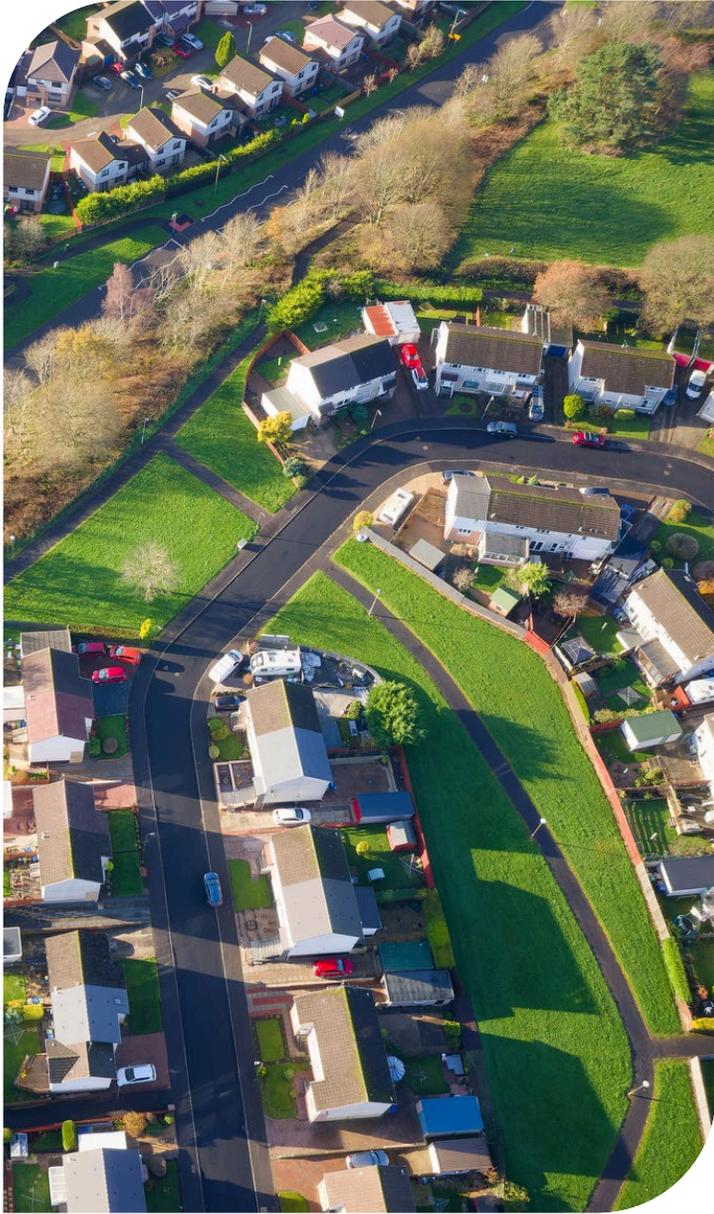


**Grantley Stevens**  
Partner, Nexia Edwards  
Marshall

# Property Development Tax Considerations



**Paul Dimasi**  
Partner, Nexia Edwards  
Marshall



# Overview

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Recap of Business structures

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Developers vs Once-off transactions

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GST Margin Scheme

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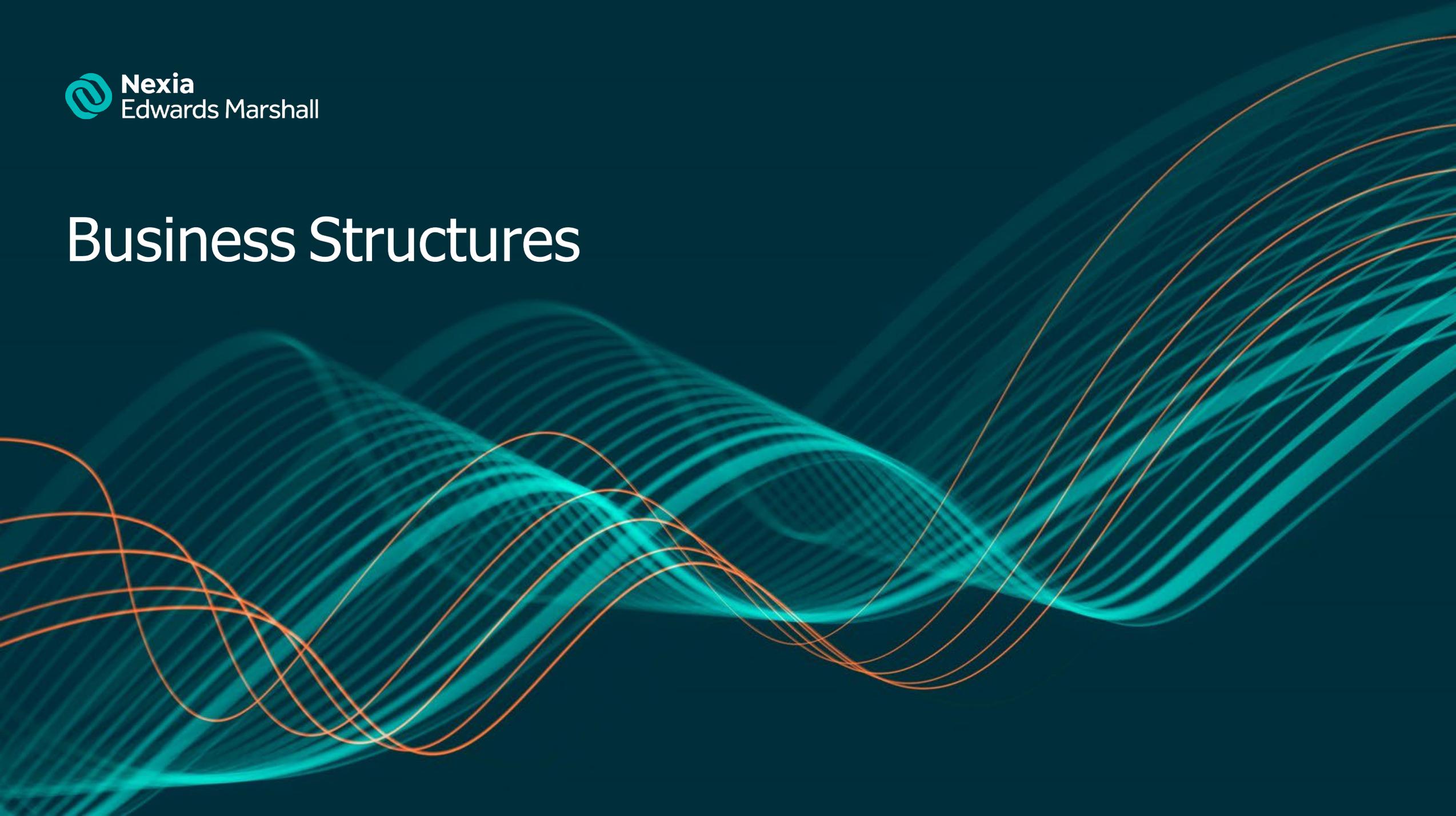
Feasibility Reports

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Fictional Property Development Case Study

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# Business Structures



# Business Structures

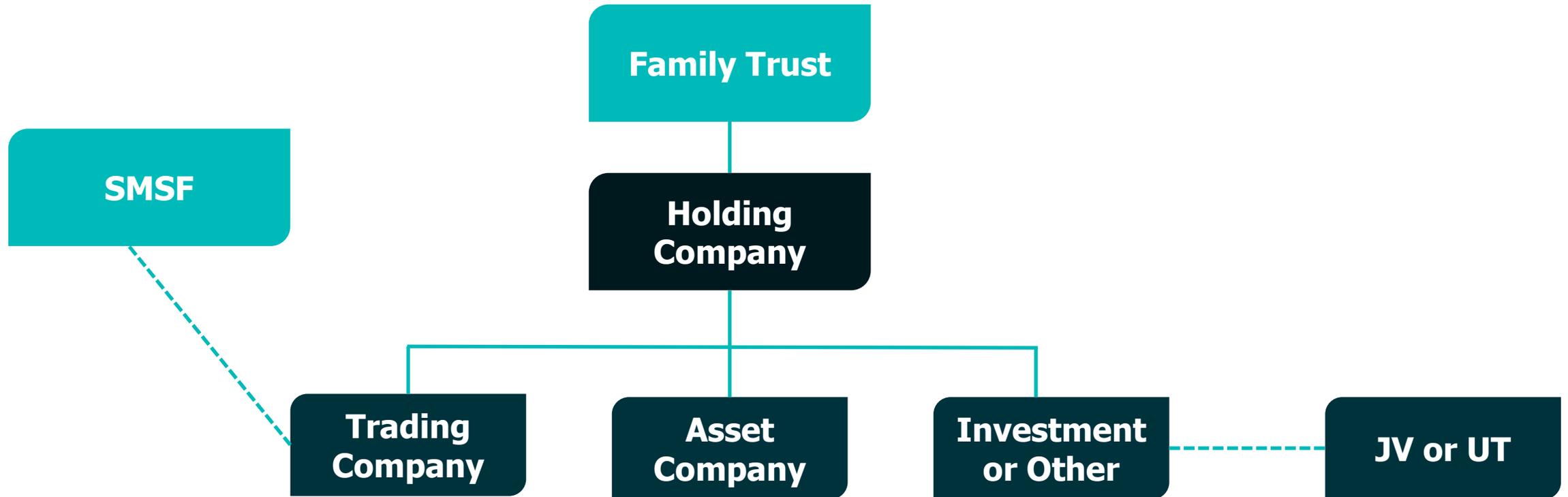
- Taxing
- Asset Protection
- Set up & Compliance Costs
- Flexibility



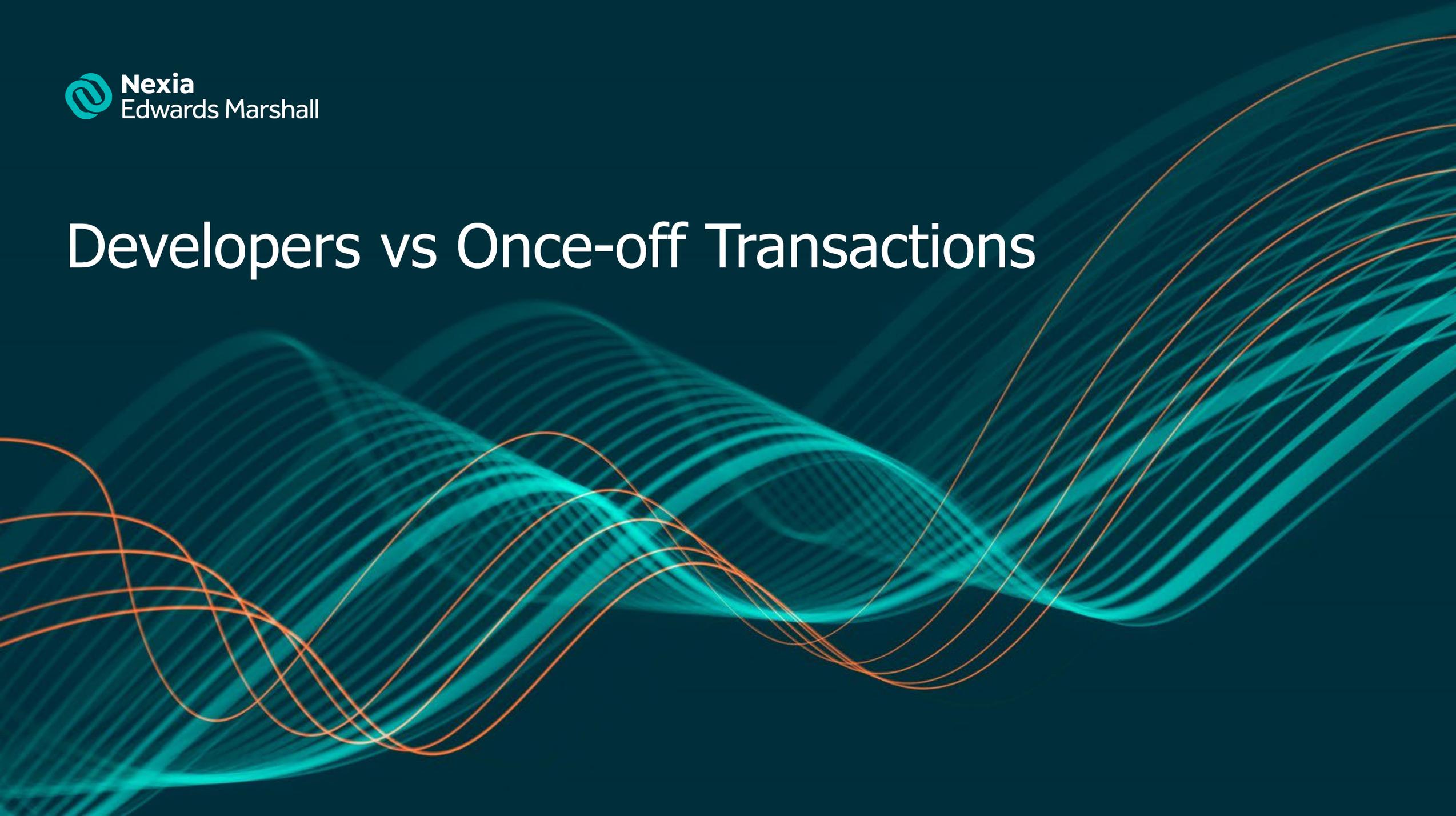
# Structure Summary

	Individual	Company	Trust	Partnership	SMSF
<b>Administration</b>	✓	⚠	⚠	⚠	✗
<b>Asset protection</b>	✗	✓	⚠	✗	✓
<b>Capital raising</b>	✗	✓	⚠	⚠	✗
<b>Development losses</b>	✓	✓	⚠	⚠	✗
<b>Negative gearing</b>	✓	✗	✓	✓	✗
<b>CGT discount</b>	✓	✗	✓	✓	⚠ (33%)
<b>Access Equity</b>	✓	⚠	⚠	✓	✗
<b>Distribution flexibility</b>	✗	✗	✓	✗	✗
<b>Tax rate</b>	MTR	25 or 30%	MTR Beneficiaries	MTR Partners	15%

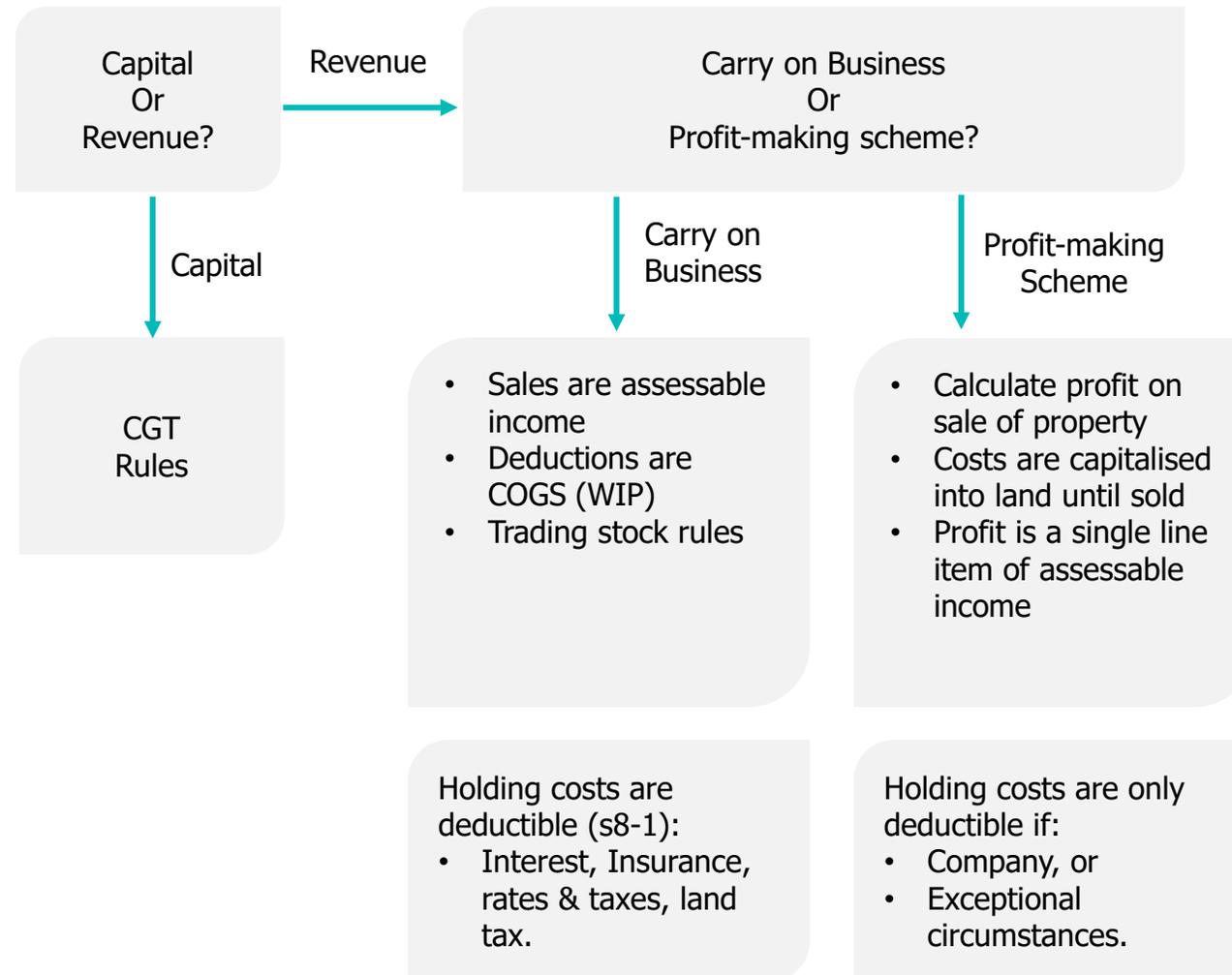
# Common Structure



# Developers vs Once-off Transactions



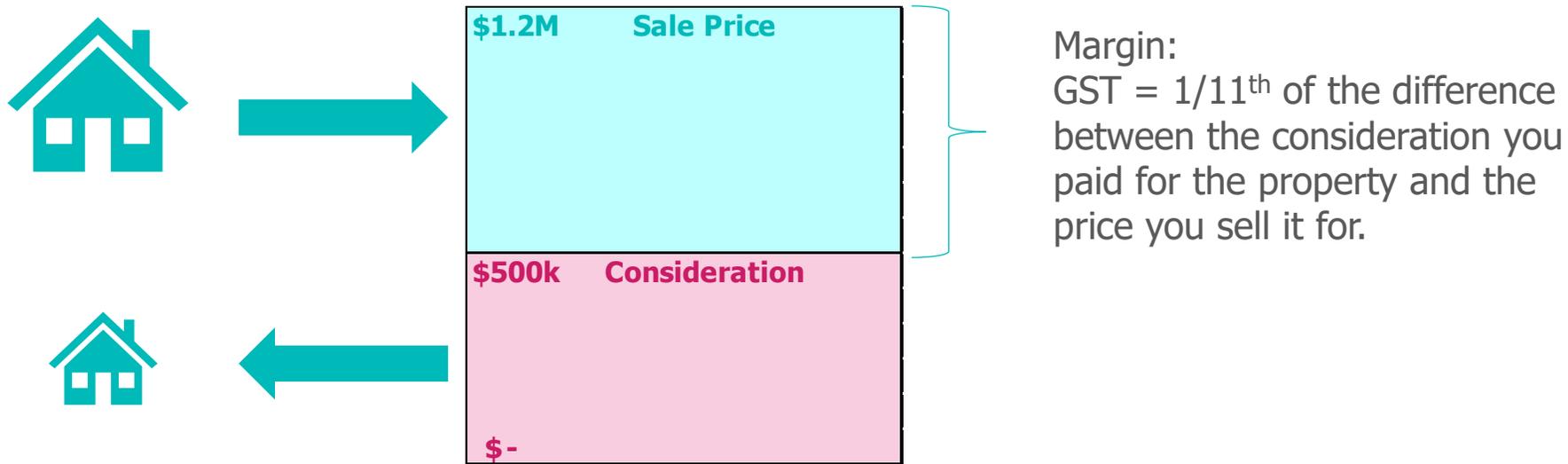
# Developers vs Once-Off Transactions



# GST Issues

# What is the Margin Scheme

- GST concession whereby GST is payable on 1/11th of the margin rather than 1/11th of the full selling price
- Reduces a supplier's GST liability on the property sales



- The Margin scheme is mostly used where ultimate recipient of supply would not be entitled to an input tax credit for the acquisition.

# Goods & Services Tax (GST) – other reminders

- Claw back considerations for new residential premises available for sale then rented
- Change in use adjustments
- ATO withholding – 7% or 10%
- ATO data matching capabilities and third-party reporting

## Once off transactions – different outcomes

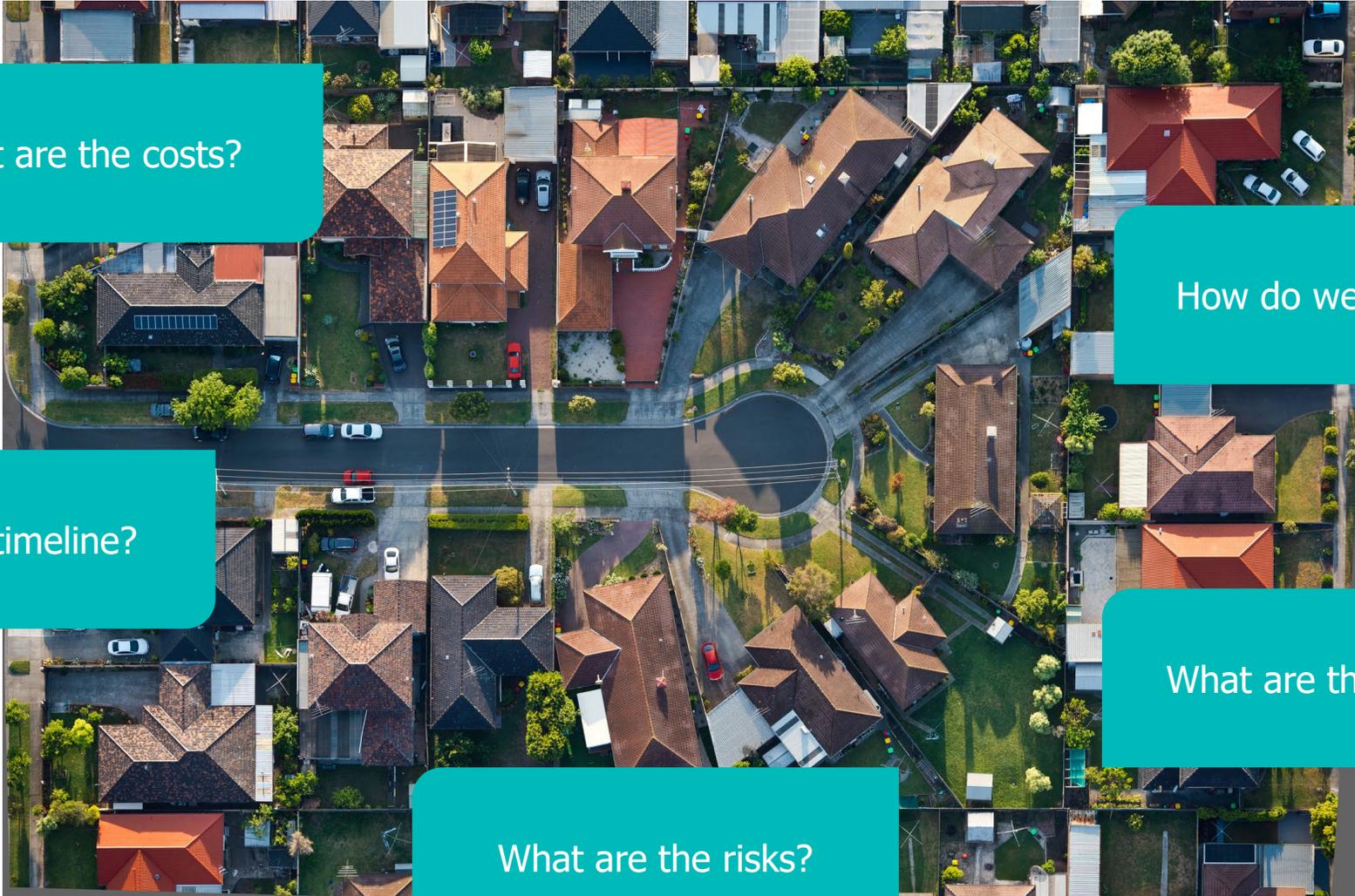
- Property Development
  - Purchase a house
  - Knock down house and subdivide
  - Build 2 houses on the land
  - Sell properties



# Development Feasibility



# Development Feasibility



What are the costs?

How do we finance it?

What's the timeline?

What are the returns?

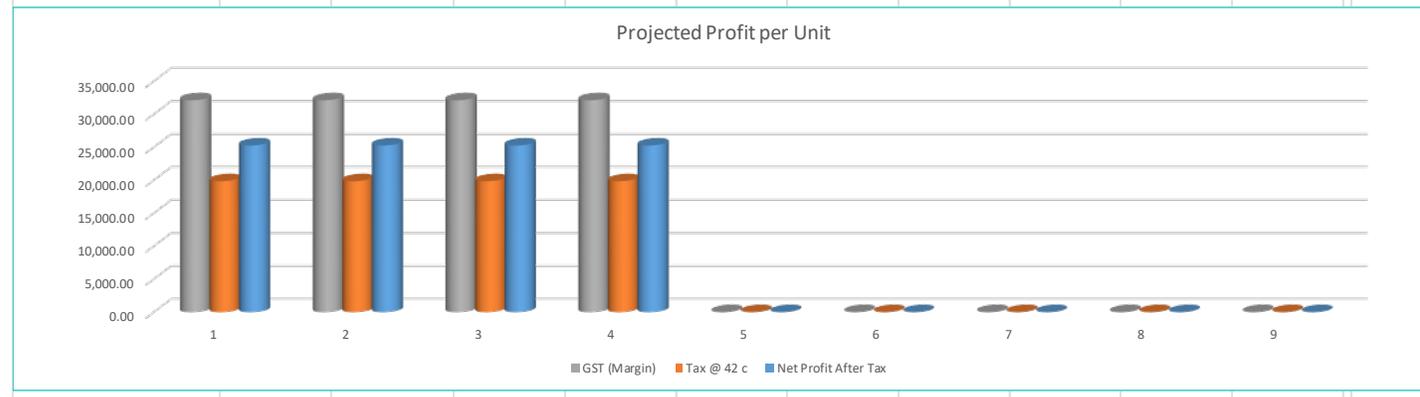
What are the risks?



# Development Feasibility

Projected Building Costs										
Unit	1	2	3	4	5	6	7	8	9	Total
Size (sqm)	200.00	200.00	200.00	200.00						800.00
Build Cost (sqm)	1,250.00	1,250.00	1,250.00	1,250.00	0.00	0.00	0.00	0.00	0.00	555.56
Total Cost excl GST	250,000.00	250,000.00	250,000.00	250,000.00	0.00	0.00	0.00	0.00	0.00	1,000,000.00
Land Cost	146,733.33	146,733.33	146,733.33	146,733.33	0.00	0.00	0.00	0.00	0.00	586,933.33
Demolition costs	7,100.00	7,100.00	7,100.00	7,100.00	0.00	0.00	0.00	0.00	0.00	28,400.00
Site office/permits										
Land & Building excl GST	403,833.33	403,833.33	403,833.33	403,833.33	0.00	0.00	0.00	0.00	0.00	1,615,333.33

Projected Sales Costs & Taxes										
Unit	1	2	3	4	5	6	7	8	9	Total
Sales Price	500,000.00	500,000.00	500,000.00	500,000.00	0.00	0.00	0.00	0.00	0.00	2,000,000.00
Commission	10,000.00	10,000.00	10,000.00	10,000.00	0.00	0.00	0.00	0.00	0.00	40,000.00
Interest	8,070.83	8,070.83	8,070.83	8,070.83	0.00	0.00	0.00	0.00	0.00	32,283.33
Council Rates	495.23	495.23	495.23	495.23	0.00	0.00	0.00	0.00	0.00	1,980.90
Land Tax	384.13	384.13	384.13	384.13	0.00	0.00	0.00	0.00	0.00	1,536.50
Total Sales/Holding Costs	18,950.18	18,950.18	18,950.18	18,950.18	0.00	0.00	0.00	0.00	0.00	75,800.73
Gross Profit	77,216.48	77,216.48	77,216.48	77,216.48	0.00	0.00	0.00	0.00	0.00	308,865.93
GST (Margin)	32,115.15	32,115.15	32,115.15	32,115.15	0.00	0.00	0.00	0.00	0.00	128,460.61
Net Profit	45,101.33	45,101.33	45,101.33	45,101.33	0.00	0.00	0.00	0.00	0.00	180,405.33
Tax @ 42 c	19,844.59	19,844.59	19,844.59	19,844.59	0.00	0.00	0.00	0.00	0.00	79,378.34
Net Profit After Tax	25,256.75	25,256.75	25,256.75	25,256.75	0.00	0.00	0.00	0.00	0.00	101,026.98



# Fictional Case Study



# Fictional Facts – Property Development

David purchased a property for \$1,000,000

1,000sqm, to be developed into 3 lots – 1 x 400sqm + 2 x 300sqm

Build 3 houses – 1 x 4bd + 2 x 3bd

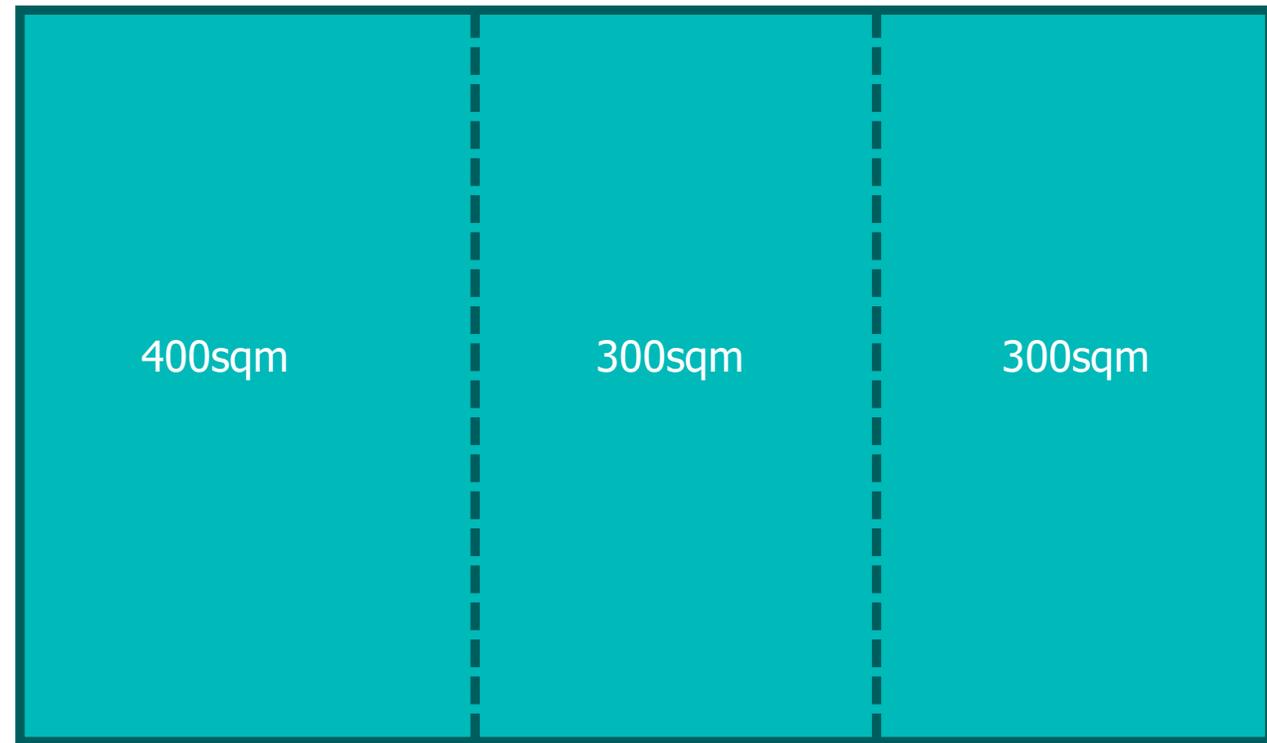
Build cost \$1,300,000 + GST

Sales Price - \$1M to \$1.3M each

Personal Funds contributed - \$500k

Funds borrowed – \$2M @ 7%

18 months to develop



# Fictional Results

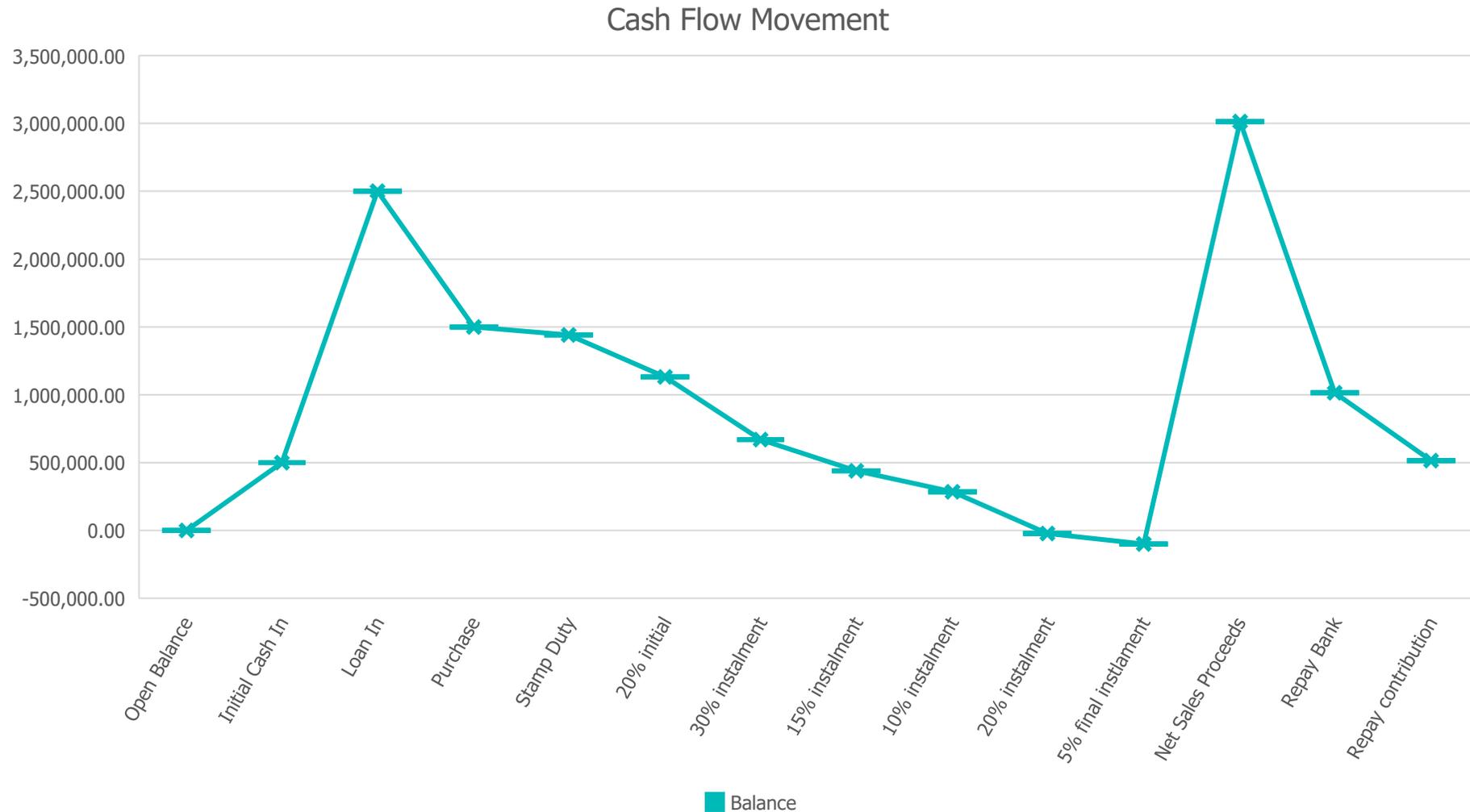
Profit/Loss	Total	Lot 1	Lot 2	Lot 3	Unallocated
Land Size (Sqm)	1,000	400	300	300	0
<b>Purchase Costs</b>					
Purchase Price	1,000,000	400,000	300,000	300,000	0
Stamp Duty and costs (6%)	60,000	24,000	18,000	18,000	0
<b>Total Purchase Costs</b>	<b>1,060,000</b>	<b>424,000</b>	<b>318,000</b>	<b>318,000</b>	<b>0</b>
<b>Holding Costs</b>					
Legal fees + tax advice	5,000	0	0	0	5,000
Interest	140,000	0	0	0	140,000
Rates & Taxes	15,000	0	0	0	15,000
<b>Total Holding Costs</b>	<b>160,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>160,000</b>
<b>Development Costs - Ex GST</b>					
Subdivision	50,000	20,000	15,000	15,000	0
Council Fees	10,000	4,000	3,000	3,000	0
Build	1,300,000	520,000	390,000	390,000	0
Contingencies	20,000	8,000	6,000	6,000	0
<b>Total Development Costs</b>	<b>1,380,000</b>	<b>552,000</b>	<b>414,000</b>	<b>414,000</b>	<b>0</b>
<b>Total Project Costs</b>	<b>2,600,000</b>	<b>976,000</b>	<b>732,000</b>	<b>732,000</b>	<b>160,000</b>
Sales Proceeds	3,400,000	1,300,000	1,000,000	1,100,000	0
Commissions - 2%	-68,000	-26,000	-20,000	-22,000	0
GST Margin	-218,182	-81,818	-63,636	-72,727	0
<b>Net Proceeds</b>	<b>3,113,818</b>	<b>1,192,182</b>	<b>916,364</b>	<b>1,005,273</b>	<b>0</b>
<b>Profit/(Loss)</b>	<b>513,818</b>	<b>216,182</b>	<b>184,364</b>	<b>273,273</b>	<b>-160,000</b>

# GST Margin Scheme

<b>GST Margin Scheme</b>	<b>Lot 1</b>	<b>Lot 2</b>	<b>Lot 3</b>	<b>Total</b>
Land Size (Sqm)	400	300	300	1,000
Purchase Price	400,000	300,000	300,000	1,000,000
Sale Price	1,300,000	1,000,000	1,100,000	3,400,000
Margin	900,000	700,000	800,000	2,400,000
<b>GST Payable 1/11th</b>	<b>81,818</b>	<b>63,636</b>	<b>72,727</b>	<b>218,182</b>
<b>GST Withholding - 7%</b>	91,000	70,000	77,000	<b>238,000</b>
<b>GST Payable/(Refundable)</b>	<b>-9,182</b>	<b>-6,364</b>	<b>-4,273</b>	<b>-19,818</b>



# Cash Flow and Timing of Funds



# Comparison

Entity	Individual	Partnership	Trust	Company	SMSF
Taxable Income	513,818	513,818	513,818	513,818	513,818
Income Tax	197,356	163,494	123,165	128,455	77,073
Medicare Levy	10,276	10,276	10,276	0	0
Total Tax	207,633	173,771	133,441	128,455	77,073
Effective Tax Rate	40%	34%	26%	25%	15%
<i>Savings to Individual</i>	0	33,862	74,191	79,178	130,560
<b>Notes</b>			sec100A	Top Up Tax	Trapped

## What if's:

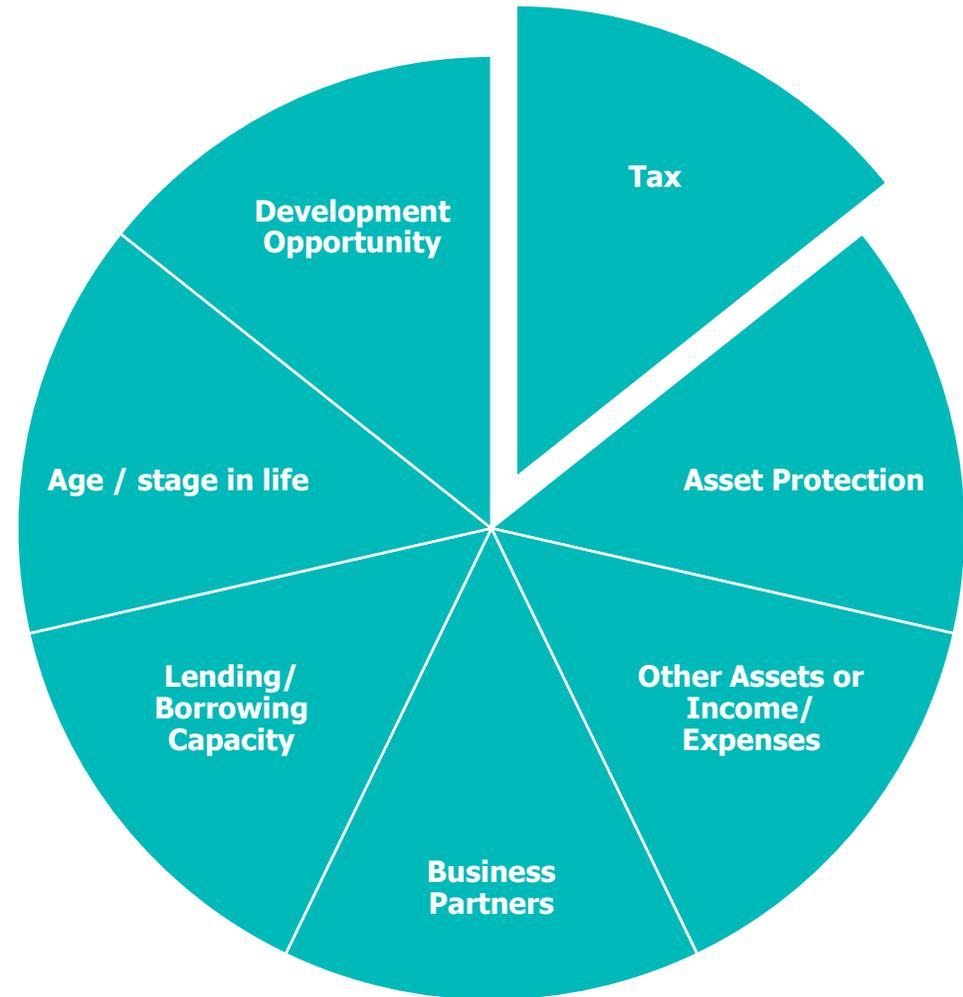
*How would the scenarios change if:*

- Maintain one as Main Residence
- David & Gina have income from wages or investments?
- Hold and rent?

# Considerations

Tax outcome is only one piece of the pie when trying to work out the best structure.

It's not one size fits all approach and everyone's circumstances are different



# ATO state of play and updates

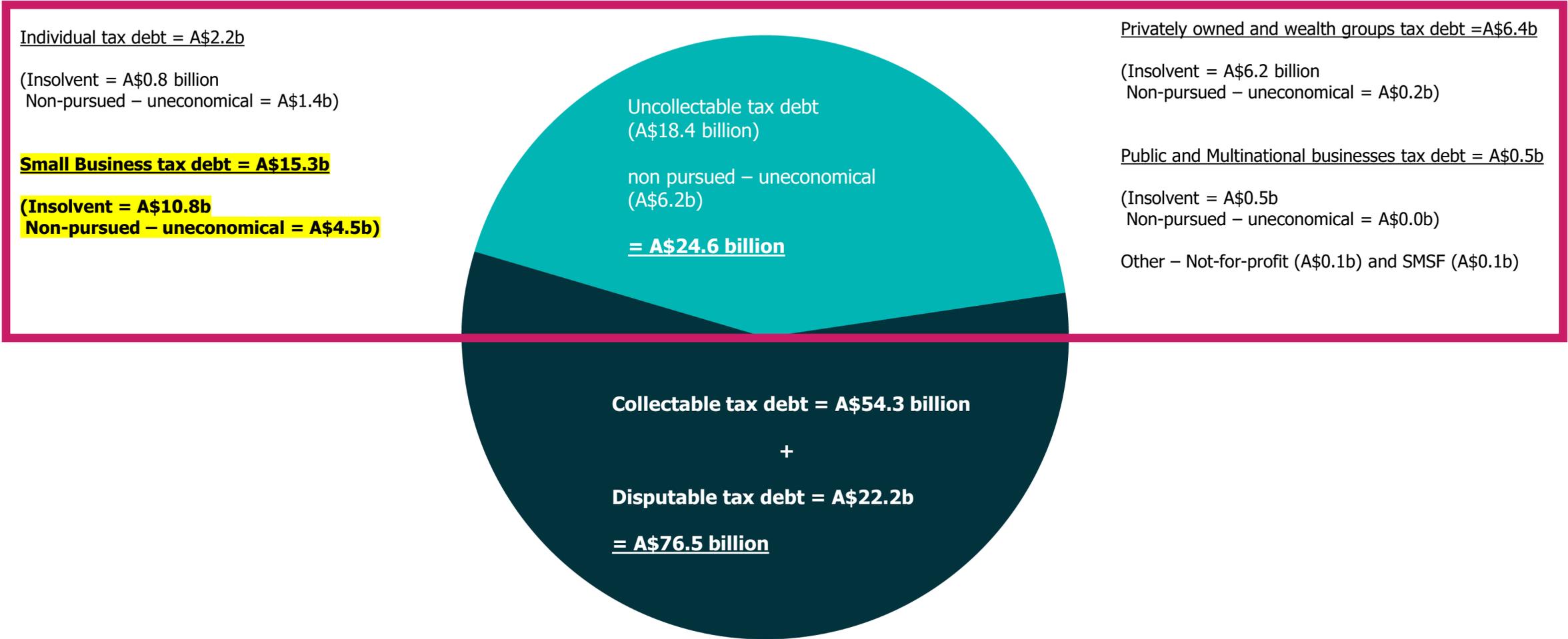


**Brett Young**  
National Tax Director, Nexia  
Australia

# ATO debt collection and tax audits

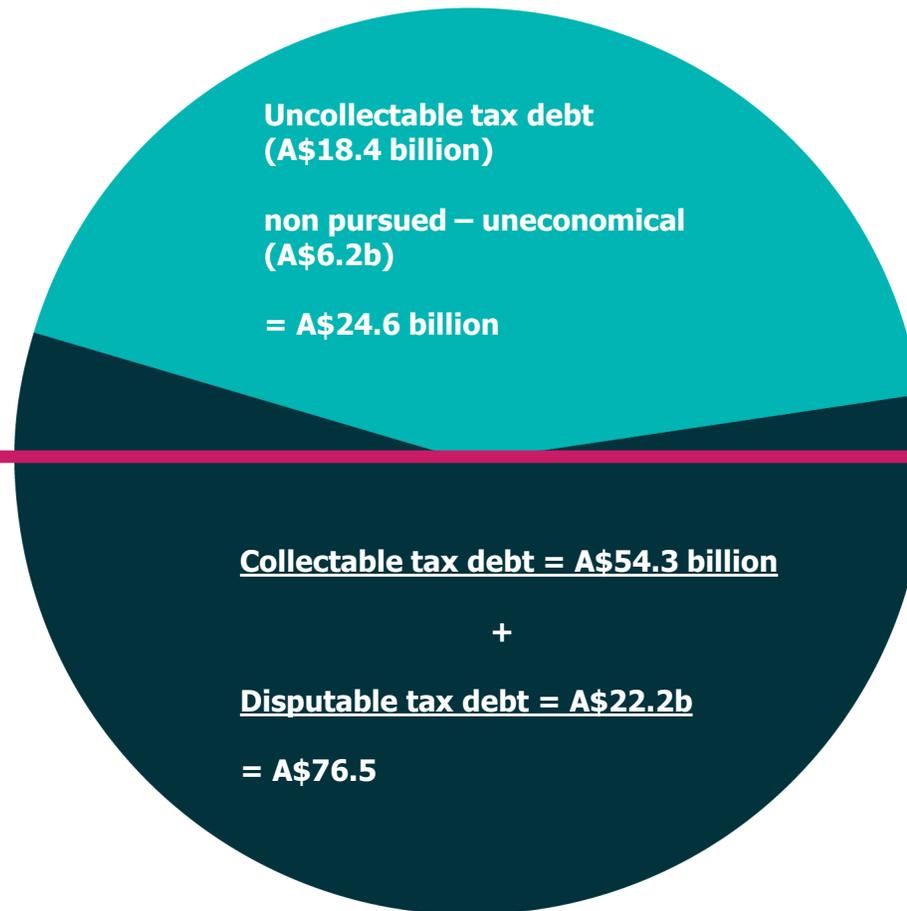


# A\$101 billion ATO debt book – as at June 2025



#Source: Appendix 7, Table 7.12 7 and Table 7.13 of 2023 ATO Annual Report. <https://www.ato.gov.au/About-ATO/Commitments-and-reporting/Annual-report-and-other-reporting-to-Parliament/Annual-report/>

# A\$101 billion ATO debt book – as at June 2025



Individual tax debt = A\$5.6b

(Collectable tax debt – A\$5.3 billion  
 Other tax debt – objection or appeal – A\$0.3b)

**Small Business tax debt = A\$37.6b**

**(Collectable tax debt – A\$35.9 billion  
 Other tax debt – objection or appeal – A\$1.7b)**

**Privately owned and wealth groups tax debt = A\$19.7b**

**(Collectable tax debt – A\$11.2 billion  
 Other tax debt – objection or appeal – A\$8.5)**

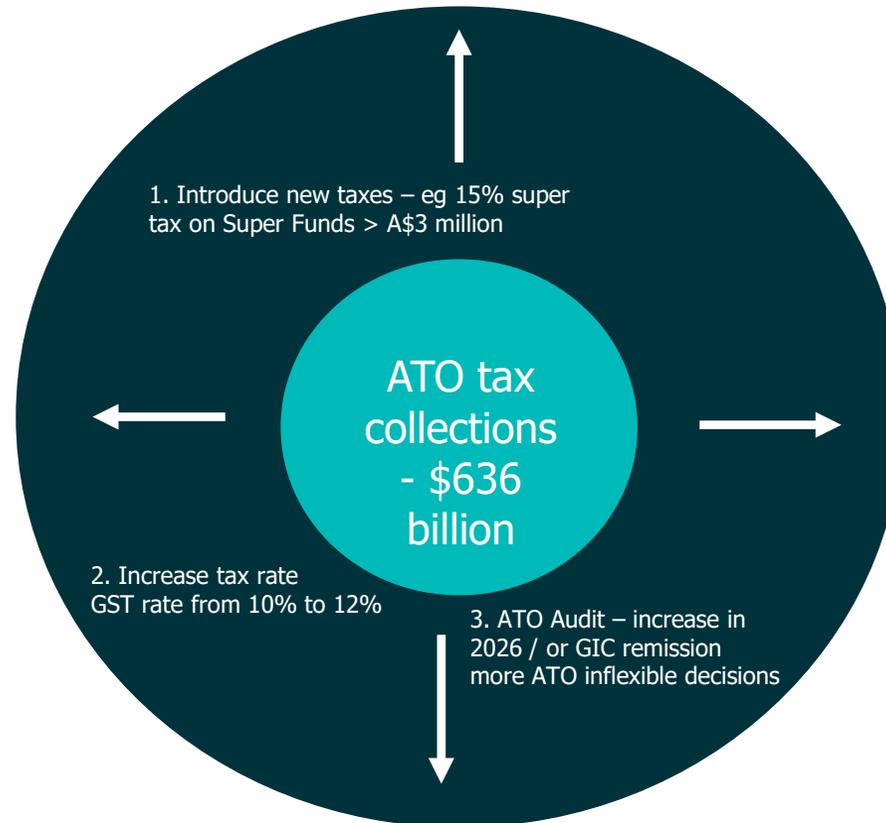
Public and Multinational businesses tax debt = A\$11.7b

(Collectable tax debt – A\$1.2 billion  
 Other tax debt – objection or appeal – A\$10.5b)

Other – Not-for-profit (A\$1.5b) and SMSF (A\$0.6b)

#Source: Appendix 7, Table 7.12 and Table 7.13 of 2023 ATO Annual Report. <https://www.ato.gov.au/About-ATO/Commitments-and-reporting/Annual-report-and-other-reporting-to-Parliament/Annual-report/>

# Federal Budget – the problem in 2026 and beyond



# ATO actions in 2026

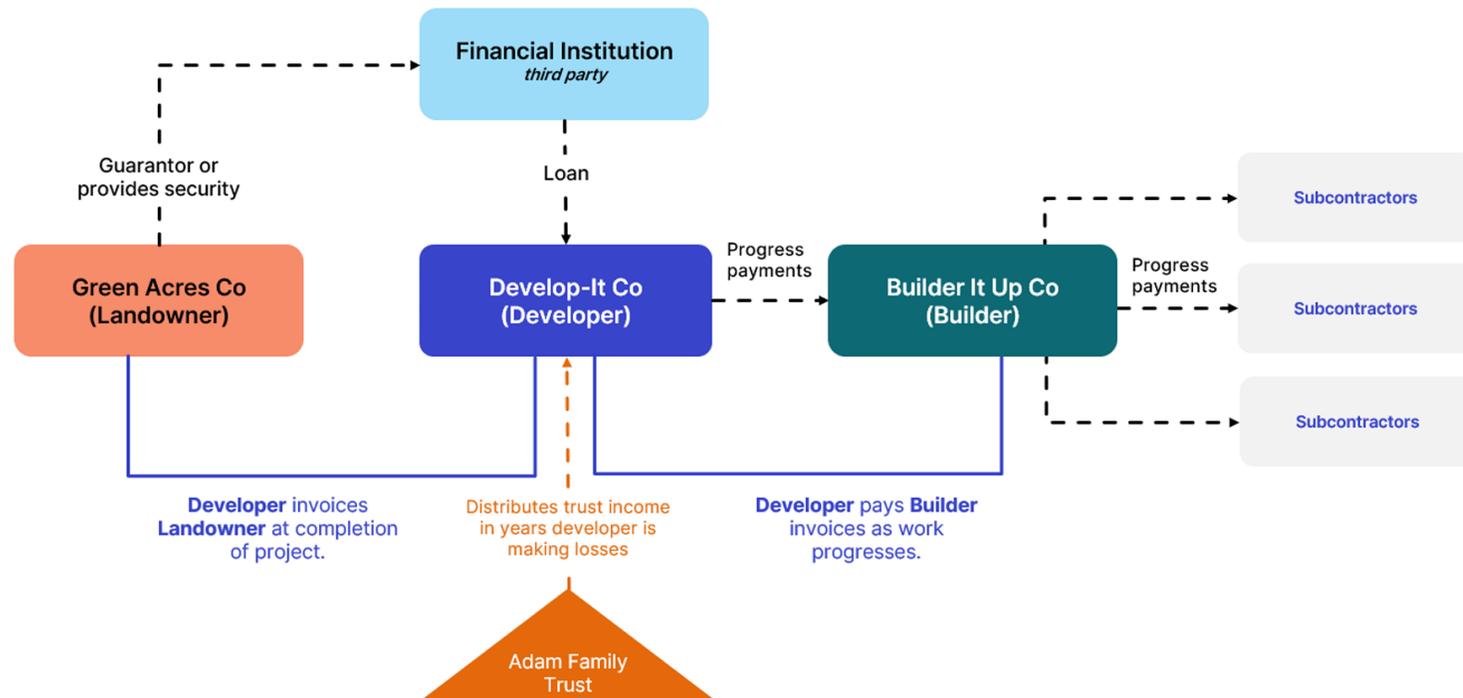
## Property Developers – TA 2026/1

# ATO Tax Alert - TA 2026/1 - date 14/1/26 - Contrived property development arrangements

## Example

5. The following example illustrates the common features of these arrangements.

Diagram 1: Typical long-term construction contract arrangement – exploiting developer's losses



Other ATO audit actions – from 12 Nov 2025:

Do you use your Holiday Home  
for private use?

## TR 2025/D1 “Income tax: rental property income and deductions for individuals who are not in business”

Example 13 deals with a holiday home that is not mainly used to produce rental income:

“Daniel and Kate have two school-aged children and own a house near the beach.

They live in an apartment closer to the city.

The house is in a popular summer holiday area and is advertised for rent via sharing economy platforms.

They block out school holidays for their personal use.

Because they use the house for their holidays or recreation, it is a holiday home.

If they decide not to use the house, they make it available for rent. Each year they use the house for two weeks over Christmas and New Year, plus another two to three weeks during the year.

As their personal use – and the periods they reserve for it – often fall in peak rental periods, the property is only rented out for limited periods.

The house is a holiday home and is not mainly used to produce rental income. Daniel and Kate must include any rent received in their assessable income but are denied deductions for losses and outgoings to the extent they relate to ownership of the house.

They can still claim 100% of expenses directly related to renting the house out, such as platform service fees or commissions.”

# ATO Tax Alert – TR 2025/D1 (12 November 2025)

Owners of rental properties should:

- Review the character of their rental income
- Carefully distinguish between private and income-producing expenses
- Consider the main use of any holiday homes to determine whether deductions are available
- Be aware of the transitional relief for arrangements entered into before 12 November 2025.
  - ATO will not allocate compliance resources to review whether the holiday home before 1 July 2026, provided the expenses arise under 'an arrangement' entered into before 12 November 2025.

# Industry Update



**Jordan Schmidt**  
Head of Office Capital Markets  
& Investment Services,  
Colliers

# Australia's Southern Pocket of Opportunity

Presented by: Jordan Schmidt

Accelerating success.



Australia's population has grown by 405,000 people to December-25, and forecast to grow by +15% by 2033

SA population to grow by 10.7% to 2032.

2 million population city by 2030.

Adelaide's population growth remains above average within global context.

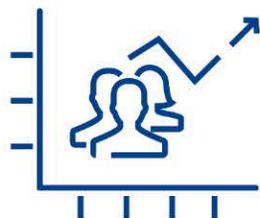
## Australian Economic Landscape

# Population Growth



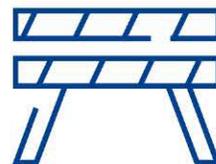
Source: ABS

## Investment Drivers | South Australia



### **Government-Backed Growth**

Defence, space and events delivering multi-billion-dollar investment pipeline



### **No Stamp Duty**

Abolishment of Stamp Duty for non-residential property in SA continues to drive investment demand.



### **Labour Market**

Lowest unemployment rate nationally, 3.8%



### **Growing Visitor Economy**

Liv Golf, Gather Round, Tour Down Under delivering hundreds of thousands of visitors annually

Investment Drivers | Liveability

# Adelaide - Liveable Plus Affordable

Australia Median House Prices by State



EIU Liveability Rankings

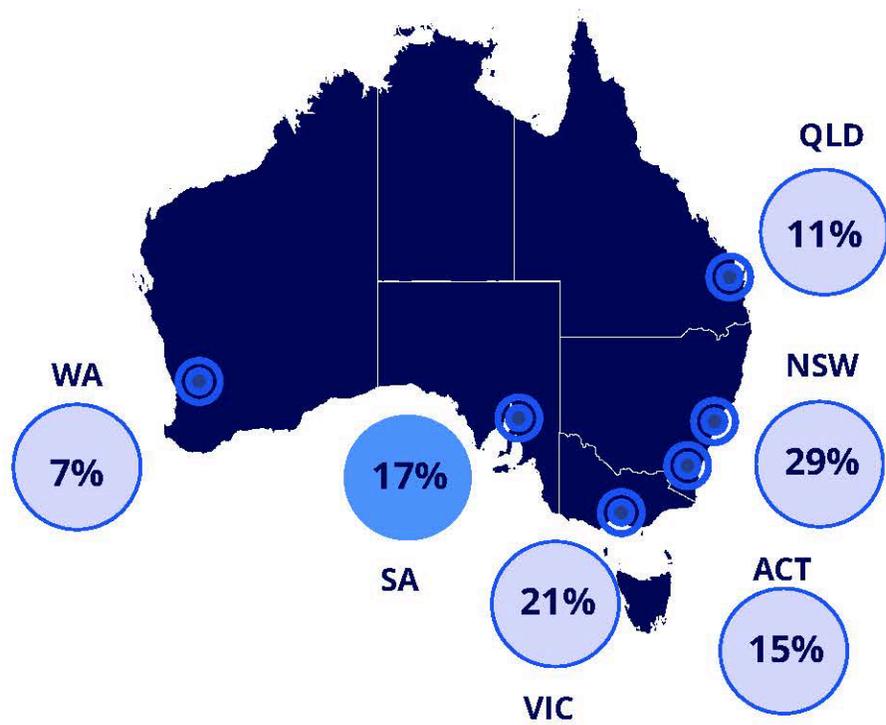
Sydney	6th
Brisbane	16th
Melbourne	4th
<b>Adelaide</b>	<b>9th</b>
Perth	15th

Source: Deloitte Access Economics, Colliers Research

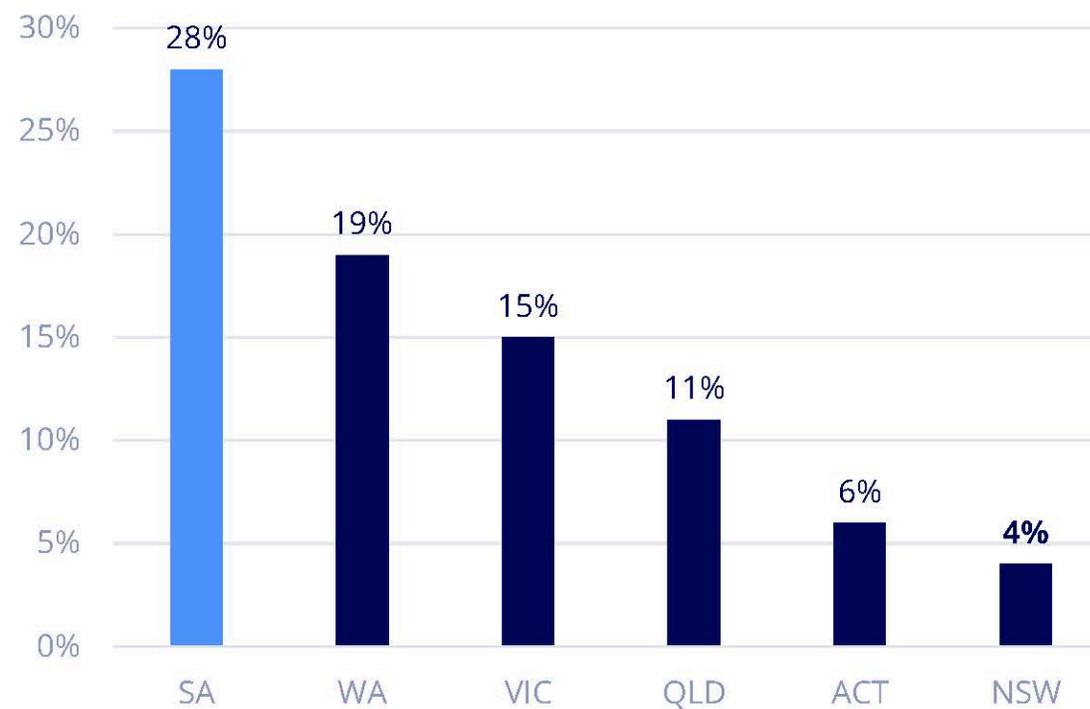
## Investment Drivers | Defence

## South Australia accounts for 17% of National Defence Economic Output

Defence Gross Value Add 2023-24 FY - State Contributions

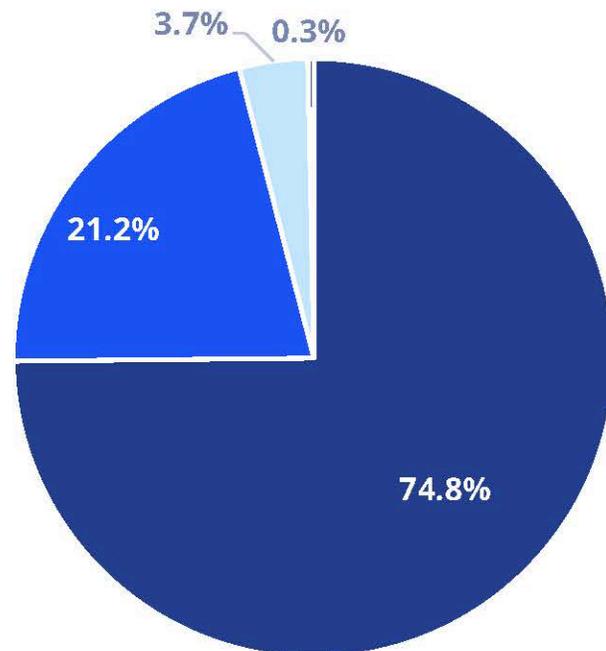


GVA % Change 2023-24 FY- by State



## Investment Drivers | Office Focus

# The demand is there for Next-Gen office



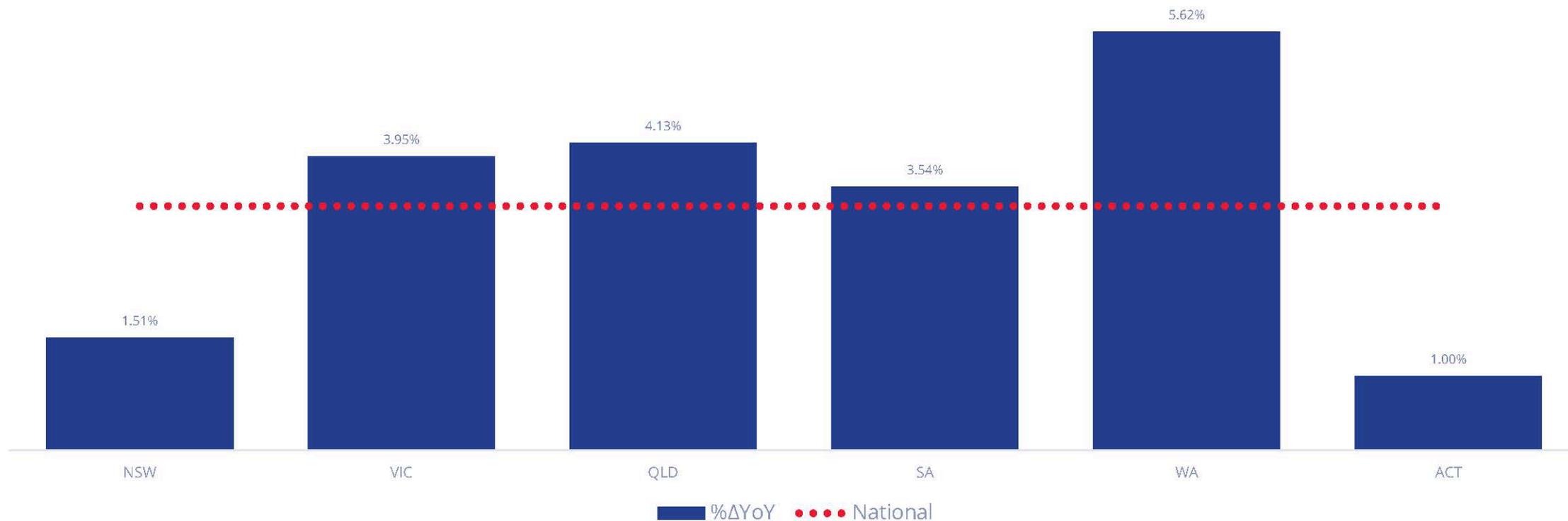
Since tenants started moving into Gen 3 assets, 96% of those relocating have upgraded by two or more asset grades from their previous space.

■ A-grade Gen 1 to A-grade Gen 3    ■ B grade to A-grade Gen 3

Investment Drivers | Retail Focus

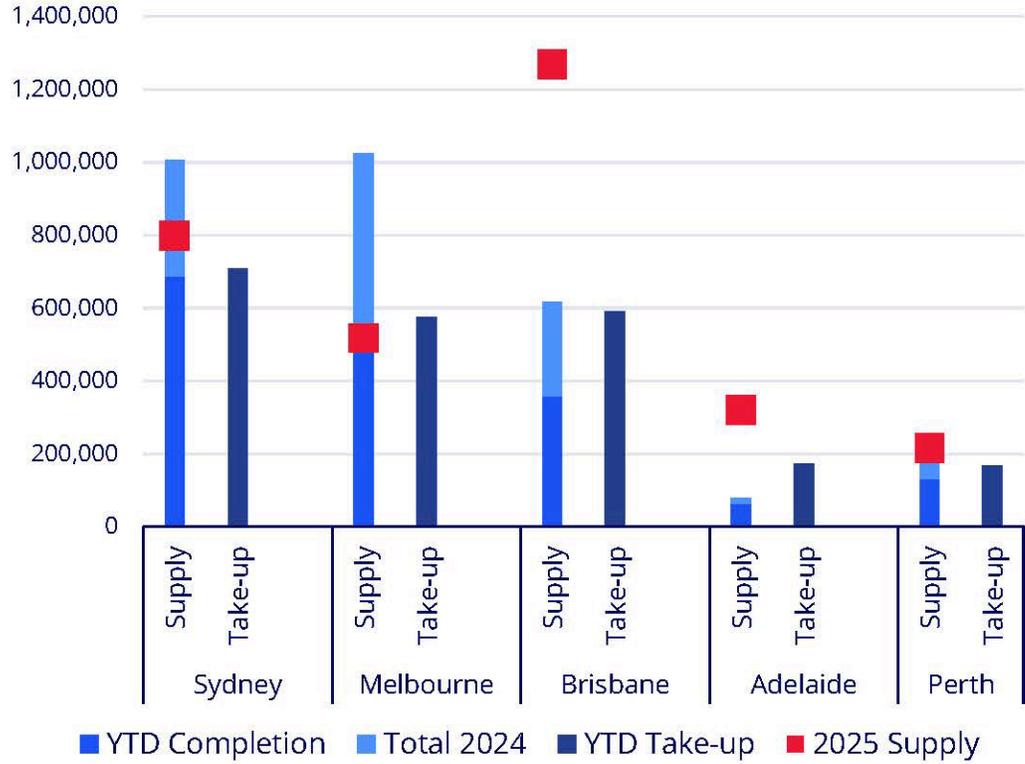
South Australia has the highest growth in retail spending per capita among all states.

SA Retail Trade YoY Growth to May-25

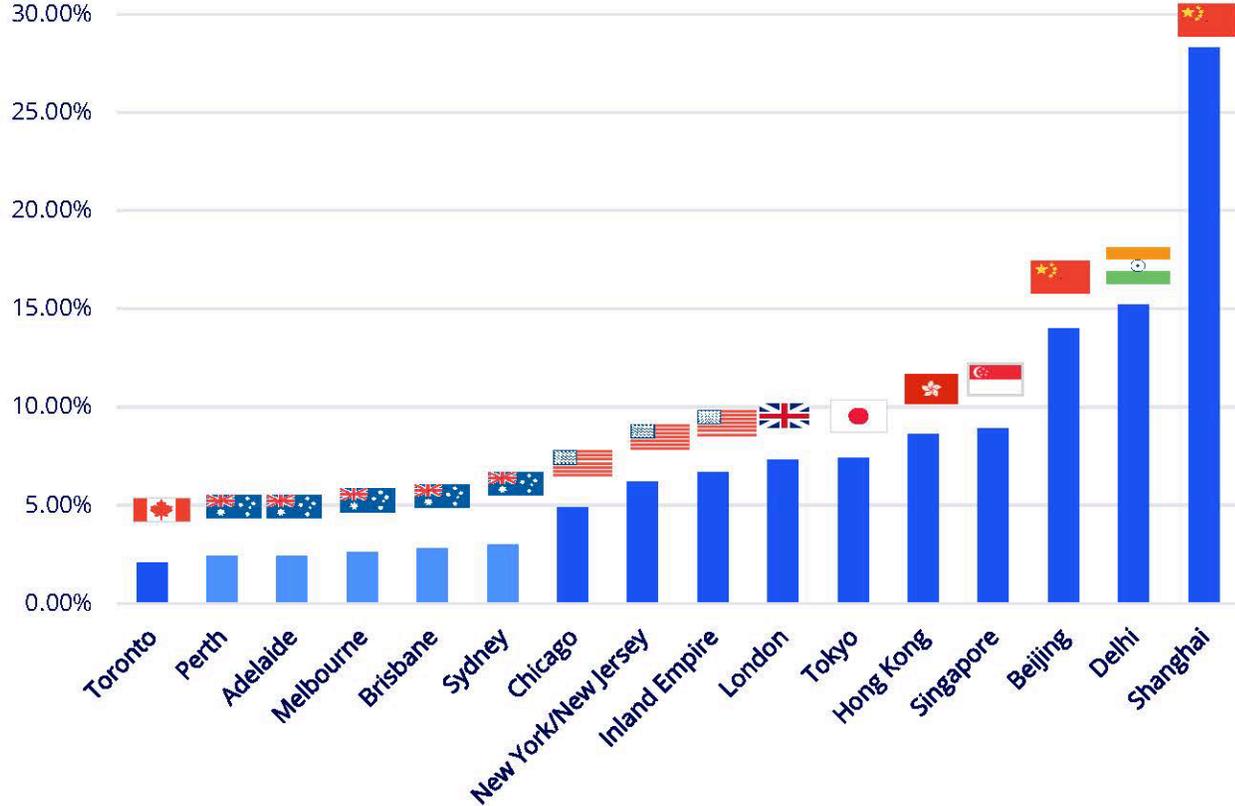


# Adelaide I&L Fundamentals Outperforming

Supply Vs Take up by Market

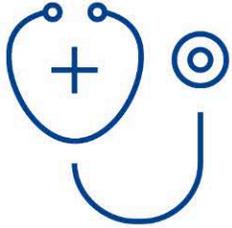


Global Industrial & Logistics Vacancy Rates by City - Mar 26



Source: Colliers Research >5,000 sqm

## Yields by Asset Class



### Medical Assets

Yields have eased from peak levels to around the low-6% range. Compression reflects long WALEs and strong tenant covenants. Pricing is stabilising as investor demand becomes more selective



### Service Stations

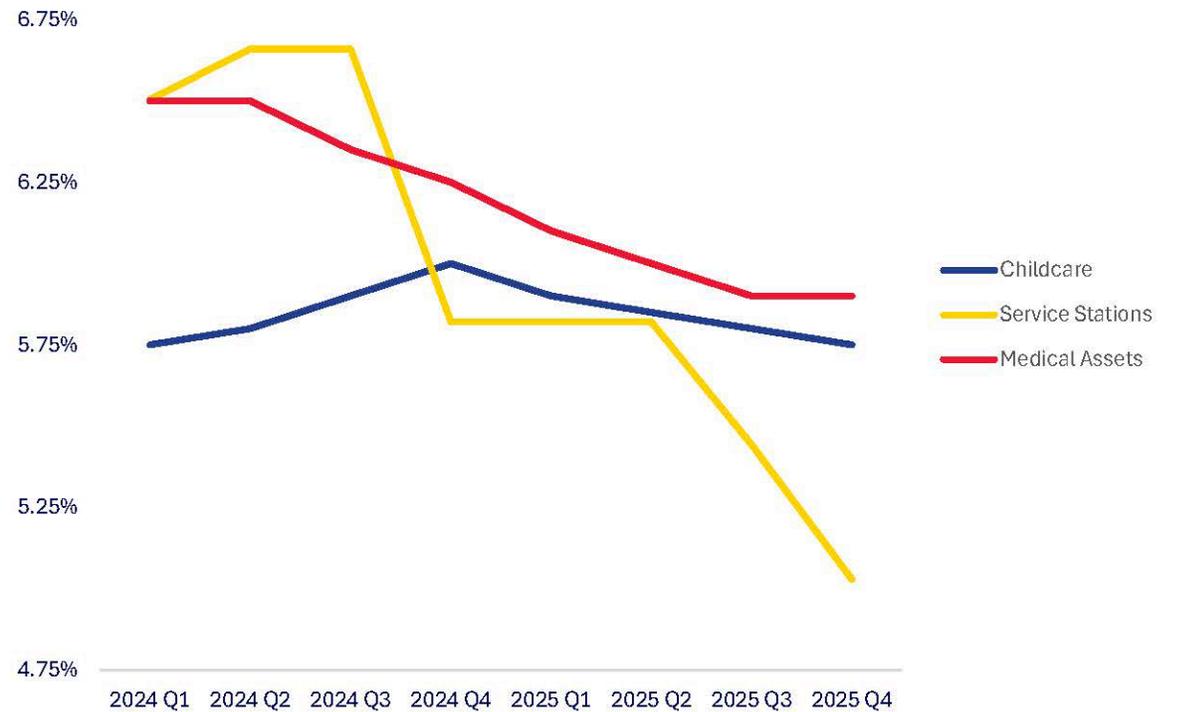
Initially transacted at elevated yields across 2024. Compression evident for metro, branded sites on long leases



### Childcare

Yields remain within a tight and stable band. Defensive, long-dated income continues to support pricing. Limited volatility relative to other alternative assets

### Adelaide Yields by Asset Classes





Thank you

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Accelerating success.

# Property Matters Seminar



**Grantley Stevens**  
Partner, Nexia Edwards  
Marshall



**Paul Dimasi**  
Partner, Nexia Edwards  
Marshall



**Brett Young**  
National Tax Director, Nexia  
Australia



**Jordan Schmidt**  
Head of Office Capital Markets  
& Investment Services,  
Colliers

Thank you