




Australian Government

National Rental Affordability Scheme

Fact sheet: National Rental Incentive

- The National Rental Affordability Scheme (NRAS) provides a National Rental Incentive to the business sector and community organisations to build and rent dwellings to eligible low and moderate income households at 20 per cent or more below current market rates.
- The National Rental Incentive (Incentive) is designed to make investment in affordable housing competitive with other asset classes.
- The Incentive is income tax-free, indexed annually and complemented by existing taxation arrangements including depreciation. It is paid annually to approved participants for each approved rental dwelling which meets NRAS compliance requirements. The Incentive currently comprises:
 - an Australian Government contribution of \$6,855 per dwelling per year for 10 years as a refundable tax offset or payment (not-for-profit organisations endorsed as charities by the Australian Taxation Office will receive the contribution as a direct payment); and
 - a State or Territory Government contribution of \$2,285 per dwelling per year for 10 years as a direct payment or in-kind financial support, such as reduced stamp duty, land taxes or infrastructure charges.
- Where the approved rental dwelling is first made available for rent part way through an NRAS year (1 May-30 April), a partial entitlement will be paid in both the first and the final NRAS year.
- The Incentive is provided on a pro-rata basis for the number of days in the NRAS year that the approved rental dwelling was available for rent and met compliance requirements.
- The same arrangements apply to State and Territory Incentive contributions, where the contribution is made as a payment each year. In-kind contributions are likely to vary depending on the individual circumstances of the proposal.
- The Incentive is calculated from the day the dwelling is tenanted.
- Recipients will receive Incentives at the end of each financial year once continuing compliance with NRAS obligations have been certified.
- NRAS dwellings may be vacant for a period of up to 13 weeks cumulatively or continuously in an NRAS year, or continuously across two consecutive NRAS years, and still be entitled to the full amount of the Incentive. If the dwelling is vacant for a greater period the Incentive will be provided on a pro-rata basis for the number of days in the NRAS year that the approved rental dwelling was available for rent and was compliant.
- To claim the Australian Government contribution of the Incentive as a refundable tax offset payment:
 - approved participants will need to provide an annual Statement of Compliance to the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) at 30 April each year;

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- FaHCSIA will issue tax offset certificates to compliant approved participants specifying the value of the Australian Government component of the Incentive for each approved rental dwelling for the NRAS year; and
 - approved participants can claim the refundable tax offset by lodging their income tax return.
 - To claim the Incentive as a payment:
 - approved participants will need to provide their annual Statement of Compliance to FaHCSIA at 30 April each year;
 - FaHCSIA will assess the annual Statement of Compliance to determine the value of the Australian Government component of the Incentive for each approved rental dwelling for the NRAS year; and
 - FaHCSIA will pay the Australian Government contribution to approved participants.¹
 - By 30 June each year FaHCSIA will advise the relevant State and Territory Governments of program and compliance assessment outcomes and the results of all compliance monitoring.
 - State and Territory Governments may provide their contribution to the Incentive for future years in advance.
 - State and Territory Governments may provide their contribution to approved participants as in-kind support rather than a payment. Possible examples include:
 - a discount on stamp duty, land taxes or infrastructure charges;
 - tenancy and property management on a fee-for-service basis only where there are no suitable alternatives and where the State Housing Authority is asked to perform that role; or
 - discounted price of land.
 - Incentives may be apportioned, withheld, offset or withdrawn if the NRAS requirements are breached. For example:
 - the tenancy arrangements for an approved rental dwelling infringe on State or Territory Government regulatory requirements;
 - the applicant fails to fulfil the commitment to deliver approved rental dwellings within the specified timeframe;
 - the approved participant rents the approved rental dwelling to an ineligible tenant;
 - the approved participant sells or disposes of an approved rental dwelling and either, does not apply for a substitution of another dwelling or the dwelling substitution is not approved by FaHCSIA;
 - an approved rental dwelling is vacant for more than a total of 13 weeks in an NRAS year or across two consecutive NRAS years; or
 - an approved rental dwelling is not rented at least 20 per cent below current market rates for equivalent dwellings.

For further information on NRAS please contact 1800 334 505, email nras@fahcsia.gov.au or visit www.fahcsia.gov.au and select the NRAS link.

¹ FaHCSIA cannot guarantee that payments will be issued by 30 June for statements of compliance received by FaHCSIA after 13 May.