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ATO confirmation on part disposal of home for downsizer contributions extends to DomaCom's Senior Equity Release

Highlights

- The Australian Tax Office (ATO) has confirmed that a part disposal of a home can work with a “downsizer” contribution
- Thus SMSF retirees can sell a part of their property to top up their super using the “downsizer” contributions legislation
- SMSF retirees can top up their super and remain living in their home
- There is no upper age limit or contribution caps on making downsizer contributions which can be made when someone is 65 years or over including a self managed super fund (SMSF) retiree

DomaCom Limited (ASX:DCL) ('DomaCom' or 'the Company') is pleased to announce that it has received confirmation from the ATO that a part disposal of a person's home can be made to make a downsizer contribution. In particular, the ATO's "[Administrative Binding Advice](#)" (ABA) confirms part disposal of a home for downsizer contributions. This means that a person can dispose of part of their home under DomaCom's Senior Equity Release platform and be eligible to make a downsizer contribution.

The ability to contribute the proceeds of downsizing part of a home into superannuation was one of several measures announced in the 2017-2018 Budget to reduce pressure on housing affordability in Australia. From 1 July 2018, eligible people aged 65 or over have been able to make a downsizer contribution into their superannuation of up to A\$300,000 from the proceeds of selling all or part of their home. Further a downsizer contribution is not subject to the usual concessional or non-concessional contribution caps and therefore they can still be made when the member's balance exceeds \$1.6 million. Whilst 5,000 retirees used this facility in the first year, research indicates that a large proportion of retirees would prefer to access the downsizer provisions but still stay in their homes.

Prior to this ATO confirmation it was generally considered that a person had to sell or dispose their entire interest in their home to be eligible to make a downsizer contribution. However, the ATO confirmation on a part disposal now means that SMSF retirees can sell a part interest in their home and make a downsizer contribution therefore also allowing them to stay in their home with DomaCom's Senior Equity Release. While a residential property cannot be sold to an SMSF, a part interest of a home can be sold to DomaCom's Senior Equity Release platform which provides cash to the member that they are eligible to contribute to an SMSF, retail or industry superannuation fund.

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Furthermore, the COVID-19 pandemic has greatly increased pressure on retirees who are seeing their retirement incomes substantially decreased due to the significant reduction in investment returns especially substantially lower interest and dividend yields.

The self-funded retiree cohort has not benefited from many recent government assistance programmes including the JobKeeper and JobSeeker, so allowing them to top up their SMSF using their own resources is one measure that can be delivered without impacting the Budget. In fact, the DomaCom Senior Equity Release should benefit the community as it can increase retirement incomes which can increase spending.

Naturally, appropriate financial and investment advice should be obtained.

DomaCom CEO, Arthur Naoumidis, said: “The ability for retirees to help themselves by modifying their personal balance sheets and moving some of their financial resources tied up in their home to their super will enable them to enjoy a better retirement. For investors, DomaCom’s Senior Equity Release delivers 3% income plus capital growth and may suit SMSF’s in accumulation mode as well as institutions seeking reliable long-term income and growth.”

Ends

About DomaCom

DomaCom Limited (ASX:DCL) owns and operates a fractional investment platform that provides real solutions for SMSF’s, retirees and new home buyers. Using the DomaCom platform, investors can make fractional investments in a range of asset classes including property-related investments, mortgage-backed securities, renewables, affordable housing, disability accommodation and debt securities via a unique trust structure tailored to them.

Retirees can sell a fraction of their house to investors, possible family members, to help them improve their retirement income.

DomaCom runs a crowdfunding campaign process in which investors can commit as much as they want towards the purchase of assets together with other like-minded investors. When a campaign is complete, DomaCom purchases the asset, places it in a sub-fund, and issues the investors with units in proportion to the amount they invested.

DomaCom’s proprietary platform allows Australians to invest in almost any asset class, empowering them to create diversified portfolios with comparatively lower minimum investments and competitive cost structures.

To learn more, please visit: www.domacom.com.au

This announcement has been authorised for release to the market by Company Secretary Philip Chard.

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