

FOREIGN RESIDENT CAPITAL GAINS WITHHOLDING (FRCGW)

South Australia Client Guide

What is FRCGW?

Foreign Resident Capital Gains Withholding (FRCGW) is a requirement set by the Australian Taxation Office.

It applies when a property is sold and the seller does not provide proof they are an Australian tax resident.

In these cases, part of the sale price may be withheld at settlement.

When Does It Apply?

FRCGW may apply if:

- The property is worth **\$750,000 or more**, and
- No valid ATO clearance certificate is provided

It can affect residential, commercial, and vacant land sales.

Clearance Certificates

Australian residents can avoid withholding by obtaining an **ATO Clearance Certificate**.

This confirms tax residency and ensures full sale proceeds are paid at settlement.

Without it, withholding rules may apply automatically.

What Buyers Should Know

If a certificate is not provided:

- Buyers must withhold the required amount

- Funds are paid directly to the ATO
 - This is a legal obligation at settlement
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Why It Matters

FRCGW is not an extra tax—it's a compliance requirement.

However, missing paperwork can:

- Delay settlement
 - Reduce available funds at completion
 - Create avoidable stress for both parties
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How We Help

We assist clients across **South Australia** with:

- FRCGW compliance
 - Clearance certificate guidance
 - Smooth, stress-free settlements
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