

# SamarasLawyers

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## CGT exemption for granny flats - Draft legislation

In an effort to support older Australians, the Government has published [Exposure Draft Legislation documents with Explanatory Materials](#), regarding the targeted capital gains tax (CGT) exemption for granny flat arrangements where there is a formal written agreement in place.

The 2020-21 Federal Budget explained that CGT would not apply to the creation, variation or termination of a formal written granny flat arrangement which provides accommodation for older Australians, or for people with disabilities.

CGT consequences are currently an impediment to the creation of formal and legally enforceable granny flat arrangements. When faced with a potentially significant CGT liability, families often opt for informal arrangements, which can lead to financial abuse and exploitation if the family relationship breaks down.

This measure will remove the CGT impediments, reducing the risk of abuse to vulnerable Australians.

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