

Stamp Duty Reform a Small Step Forward

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The announcement by the NSW Government that stamp duty will be pegged to the Consumer Price Index (CPI) is a welcome small step towards reducing the cost of selling a home says the Urban Taskforce.

"The announcement by NSW Treasurer Dominic Perrottet that the rate of increase in the average rate of stamp duty will be reduced is a small step forward in addressing the cost of housing." Says Urban Taskforce CEO Chris Johnson "The Urban Taskforce has argued for some time that the transactional tax on selling a home is a distortionary tax as it discourages owners to sell. This is particularly critical as the ageing population nears retirement and many large family homes are occupied by only one or two people. It would seem to be desirable to free up these homes for families and for retirees to move to a smaller home at this stage in their lives but the stamp duty cost is a disincentive to do this."

"Unfortunately State Government Treasuries around Australia have become wedded to the massive income they get from stamp duty so they are not keen to phase out this tax. The exception is in the ACT where the government is phasing out stamp duty and replacing this with a land tax. The Urban Taskforce believes that land tax, where smaller payments are made annually related to the value of the land, should replace stamp duty as a fairer way for states and territories to gain income from property rather than adding a tax to the sale of a house."

"With house and apartment sales dropping in NSW stamp duty is reducing and this will impact on the state budget. We are concerned that in a pre-election environment the NSW government seems to be taking an anti-development approach to new housing and that this will slow down the production of new housing particularly in Sydney. This will clearly flow on to a reduction in the number of jobs generated by the housing industry in NSW which are currently around 300,000."

"The NSW Government must factor in the impact on jobs that would flow from proposed policies which seek to dramatically reduce migration with a flow onto the number of new homes needed each year. The Greater Sydney Commission's recent plans for Sydney's growth over 20 and 40 years should be the framework that growth is managed within. This is particularly so as the plans were supported by a long term transport plan and an infrastructure plan."

*The **Urban Taskforce** is a property development industry group, representing Australia's most prominent property developers and equity financiers.*

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