

MEDIA RELEASE

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NSW Budget – stamp duty reform very good for first home buyers and even better for apartments

The stamp duty reform announced in the budget will make a significant difference to new home affordability for first home buyers.

The changes are not applicable to any first home buyer of a home valued at less than \$600,000 as they do not pay any stamp duty under the current arrangements.

Stamp duty concessions also apply to first homes valued between \$600,000 and \$800,000.

However, for homes valued above \$800,000 there are significant savings to be had.

For apartments, where the land value per apartment is significantly less than for stand-alone homes, the savings from the existing stamp duty regime are even greater.

This is because Stamp Duty is levied off the value of the transaction (the total sale price of the land plus the building). The proposed land tax is calculated on the value of the land only.

The Government has also dedicated significant resources to improving the spend of the planning system and increasing the number of approvals to drive up supply. This is the key to ensuring that these stamp duty savings do not simply end up pushing the price of the limited available stock up even further.

	Property Value (total price of sale)	Land Value	Stamp Duty	Land Tax (annual payment)*
New house and land	\$800,000	\$425,000	\$31,090	\$1,675
Apartment	\$800,000	\$150,000	\$31,090	\$850
New house and land	\$900,000	\$475,000	\$35,590	\$1,825
Apartment	\$900,000	\$180,000	\$35,590	\$940
New house and land	\$1,000,000	\$550,000	\$40,090	\$2,050
Apartment	\$1,000,000	\$240,000	\$40,090	\$1,120

*\$400 + 0.3% of the land value – payable annually and available to first home buyers for homes or apartments valued at less than \$1.5 million

Importantly, properties will not be locked into the land tax option for subsequent purchasers.

The budget was, however, not all good news for the property sector.

The foreign investor land tax surcharge was increased to be 4% from 2% (that is, a property owned by a foreign investor will attract a surcharge of 4% of its normal land tax bill). At a time of a housing supply crisis, Urban Taskforce questions the economic logic behind increasing the tax applied to those who want to invest in NSW housing and employment.

This extra tax will hit international pension funds, superannuation funds and institutional investors. The NSW Government stands to generate far more tax from encouraging their investment through Payroll tax, GST revenue and Stamp Duty than it will ever achieve from this new revenue measure.

On the plus side, yesterday's Budget confirms:

- **\$728 million (over 4 years) to support the "Stamp Duty Choice"**
- **\$780 million on the new Shared Equity Scheme**
- **\$300 million to fund infrastructure** specifically needed for new housing supply
- **\$300 million for new social housing homes and upgrades as well as \$150 million to deliver 200 new and 260 upgraded homes for first Nations people**
- **\$89 million to speed up planning assessments**
- **\$70 million allocated to the Department of Planning to support additional new precinct planning.**

The comments above can be attributed to Tom Forrest, CEO, Urban Taskforce.

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

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