

Submission in response to NSW Property Tax Proposal

Please do NOT publish my personal details. I have NOT made a political donation.

My feedback follows:

1. The changes should be part of a broader whole set of tax reforms, not as currently is the case introduced in isolation, where there is already on overreliance on the property market for tax revenue.
2. Reliance on the property market, and population growth, to sustain the budget needs to be addressed with more broader reforms, particularly in light of Covid and future events;
That is, an even greater reliance on tax revenue from the property market will not address a system that is fundamentally broken;
3. Proposed Rates

Property type	Currently liable to stamp duty?	Currently liable to land tax?	Potential property tax rate
Owner-occupied residential property	✓	✗	\$500 + 0.3% of unimproved land value
Investment residential property	✓	✓	\$1500 + 1.0% of unimproved land value
Primary production land (farmland)	✓	✗	\$0 + 0.3% of unimproved land value
Commercial property	✓	✓	\$0 + 2.6% of unimproved land value

SOURCE: NSW TREASURY

For home owners are higher than the current stamp duty system where calls have been mad to reduce the cost, not increase the revenue from property transaction, e.g. over a 15 year period a Sydney homeowner iis likely to pay more than less tax;

4. The increase in land values as a result of precinct development is already an inherent challenge for many communities in Sydney, in terms of council rates, and the like. The introduction of land tax, will only exacerbate pressure on families and more vulnerable communities which has not been addressed;
5. For Sydney residents, where the average home is now more than \$1 Million, the introduction of land tax would see home owners pay more over a 15 year period when compared with stamp

duty, with the average family struggling to pay the imposition at a time where wage growth is at an all-time low;

6. The proposal will exacerbating what is already broken in terms of the over-reliance on property/land tax;
7. An opt-in system will see a two tier market, where some properties are less salable;
8. The changes will fuel the market, in a period where there are low interest rates, and where property prices have already been fueled in part I believe, because of the changes;
9. The proposal does not consider the impact on a growing and aging population or the more vulnerable population. The concept of delaying payment could see householders with hundreds of thousands of dollars in land tax outstanding. It also has ramifications, for say, people entering aged care residential facilities and the like, if the impost is paid at the time of the sale of a property. This is not fully understood by the public nor considered in discussion papers. Further to suggest people move away from Sydney fails to consider family obligations, nor the impact from moving people out of their long term communities;
10. Further, the proposal does not fully consider the significant increase in aging population, and those with chronic medical needs, with the indirect costs on individuals and the community not fully considered;
11. The intention to phase out stamp duty and replace the current system with a property tax is generally not well known nor understood. Consequently the introduction is likely to see a voter backlash, which modifications later made. This appears to have not been fully considered.
12. Insufficient technical data for the public to make an informed judgement was provided.

I urge the government to consider further and more detailed consultation with community, to proactively identify and address concerns, so any reforms are better and more sustainable.

