
From: [REDACTED]
Sent: 20/11/2020 8:49:52 AM
To: Tax Reform Taskforce [taxreformtaskforce@treasury.nsw.gov.au]
Subject: Stamp Duty Reform
Flag: Follow up

To the Reform Taskforce,

I would like to congratulate the Treasurer on the recently announced proposed changes to stamp duty on property transactions and land tax in general.

I have long believed that a change such as this is necessary for the benefit of the New South Wales economy and for the welfare of particularly younger first home buyers.

Owning one's own home is the bedrock for becoming involved with your community and provides the basis for a stable and happy society. I have long thought that an approach as proposed was desirable.

The consultation paper poses a number of topics on which public comment is sought. I shall address these firstly although the purpose of this submission is to encourage the treasurer to be even more bold as I will shortly propose.

In response to the topics enumerated I comment as follows:

- 1 Is stamp duty out of date YES
- 2 On unimproved value YES
- 3 Yes a choice is appropriate.
- 4 Opt-in is fair and a political necessity.
- 5 Not in the market but yes if I was.
- 6 Yes there should be a graduated scale for those various property types.
- 7 YES.
- 8 No, all property should be treated the same, although see following proposal .
- 9 The market will decide how much can/ will be passed on to the tenant.
- 10 The tax should be deferred and become a charge against the property and be either eventually paid or recovered upon its ultimate sale or transfer such as upon the death of the owner.
- 11 See the following proposal.
- 12 To make the proposal better see the following proposal.

The Proposal:

As is often noted stamp duty penalises those who move regularly while benefits those who very rarely move. Thus the burden of providing sufficient State revenue falls unevenly. Those who have not moved for decades have effectively not contributed significantly to running all the functions that the State provides for much of that time.

Those who have however over recent years paid stamp duty have provided significant revenue to the State and should have their contribution protected. However, how long should this protection last?, 10, 40, 80 years. I would suggest that 25 years is an appropriate term. I would therefore suggest that any property that has NOT been traded for a period of 25 years should be subject to the proposed land tax. Thus for example if a property was last traded say 30 years ago it should become subject to land tax immediately. (maybe a year or so grace period may be necessary for political reasons). A property traded say 15 years ago would not become liable for a further 10 years etc.

Those many people who currently own the property (particularly as their own home), but thus become liable for the tax should have the option of either making the annual payment or, as in 10 above, choosing to defer the payment and it becoming a charge against the property and eventually be recovered upon sale etc. This would thus become almost like a reverse stamp duty where the vendor actually pays out of the proceeds of sale. The cost to State revenue of this deferral is minimal if any, as stamp duty would not have been paid until sold anyway.

The benefits of this proposal are that land tax revenue to the State would not initially decline to the extent that the current proposal would entail.

The proposed choice of whether to pay the current stamp duty or an annual land tax would be more relevant. In effect the stamp duty option would become a prepayment of 25 years of land tax.

The current proposal is only a first step to fulfilling a move to land tax. This proposal would not need further future changes.

Best of luck for your reforms.

I am happy to have this submission published.

Yours faithfully,

