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Sent: 10/01/2021 12:41:42 PM
To: Tax Reform Taskforce [taxreformtaskforce@treasury.nsw.gov.au]
Subject: Property tax proposal
Flag: Follow up

To the members of the Taskforce

I am a retiree who owns a family home. At some time in the future, I may sell this home to downsize or buy into a retirement village. [REDACTED] I would avoid opting for a property tax as I would need to minimise ongoing expenses. Under the Property Tax Proposal this could limit my choice of a property to purchase, because some properties could already have the tax applied to them, rather than a one-off payment of stamp duty.

I am opposed to this Proposal, not only because of my own circumstances, but also because of its likely consequences for vulnerable individuals and the market generally.

The Proposal lacks detail, and raises many unanswered questions.
For example:

- How much is each instalment likely to be?
- How can people expect the 'protections' to be honoured by successive governments?
- How can we expect the principle of revenue neutrality to be honoured by successive governments?
- How can any regulation prevent landlords eventually raising rents to cover the cost of the tax?
- How can any regulation discern at what point a property owner would feel their lifestyle is sufficiently compromised by the cost of the tax to be forced to sell their home?
- Once the property tax is attached to a sufficient number of properties, its optional nature is lost. How can the optional nature of the tax remain?
- All taxes act as a disincentive to the activity taxed. How would this tax affect the market?
- How are wealthy purchasers likely to minimise this tax?
- Will this tax increase the number of people who are homeless?

This is a tax that would place the heaviest financial burden on people who own property for the longest amount of time, and do not have the resources to find ways to minimise tax.

Under this Proposal, 'revenue neutral' is a condition that applies to government, and to an averaged monetary position. It does not mean that each individual property owner would pay the same amount of tax as they would if they paid stamp duty. The Proposal is not 'payment neutral' for individuals.

A more equitable and effective method of achieving the stated aims of the proposed tax would be to simply allow purchasers the option to pay the stamp duty in instalments at a reasonable rate of interest. A better way of making homes more affordable would be to address the market forces of supply and demand. In particular, to further limit developer's profits, and competition from overseas buyers.

Yours faithfully
[REDACTED]