
From: [REDACTED]
Sent: 15/03/2021 1:46:44 AM
To: Tax Reform Taskforce [taxreformtaskforce@treasury.nsw.gov.au]
Subject: NSW Proposed Property Tax Consultation Paper

Dear NSW Treasury,

Thank you for allowing the opportunity to respond to the NSW Proposed Property Tax consultation paper.

As a property investor please find below the concerns and feedback on the NSW Proposed Property Tax.

Unless particular items below are acted upon by Government, we will find ourselves paying much more property taxes in the future than we do now.

Your sincerely,

[REDACTED]

Member of Property Investors Council of Australia

Feedback

NOT LOCKED IN TO PROPERTY TAX

All purchasers should have the choice of paying stamp duty / land tax or paying the new Property Tax. One shouldn't have to pay Property Tax just because the owner before you opted to.

Within our survey over 65% of our members want to be able to choose stamp duty/land tax or Property Tax regardless of whether the new Property Tax was already in place for that property. Also the new Property Tax should not be a perpetual tax but should be capped at the equivalent of what the stamp duty & land tax would have been. This way the purchaser is not worse off overall.

HOW CAN THE ELDERLY MEET NEW PROPERTY TAX PAYMENTS FOR THEIR OWN HOME

Our membership is concerned that the focus of the Government is on the deflection of the real issue which is to introduce a new money train for the Government with property purchases. Is the Government able to explain how, in 30-40 years' time, an elderly person is going to meet an additional land tax impost on their home, when currently most struggle to pay their rates and power bills in today's market? Will this not only increase this hardship and force more elderly home owners on to Government assistance again?

OUT OF PROPORTION WITH WAGES GROWTH

Land value increases at a greater rate than wages growth. The Government needs to set this new Property Tax such that annual increases in the Property Tax are based on the actual increase in wages of the people and not simply applying a percentage increase based on Government land valuations.

IF MORE TAX THEN MORE RIGHTS

Governments seem to think that businesses and investors are cash cows who may be milked for more taxes but in return do not receive any compensation, reduced red tape, improved support or services.

Increasing the effective taxation on investment properties should be accompanied by commensurable benefits such as:

- * Lifting restrictions on rental bonds to more realistic levels based on property damage claim statistics,

- * removing the one month limit for initiating the eviction of a defaulting tenant,
- * giving the Police powers to intervene in property related emergency incidents such as threats of property damage, actual property damage, clear cases of trespassing / illegal occupation and
- * giving investors the right to select any resident they choose without restriction,
- * making approved damages compensation much more accessible, and
- * making direct tribunal orders against income rather than having to go through a court process after a tribunal process.

The main reason one would not invest in another rental property in NSW is that it is not an investor friendly jurisdiction to invest in; the tenants being given way too much leeway and the investors way too little. The property investment framework in Australia is becoming more socialist-like from an international perspective with owners having too few property rights. If the Government want to tax investors more they should give investors more rights.

CHOOSING OTHER STATES OR ASSET CLASSES

When a person buys an investment property the amount of rent to be received is mostly based on similar prices in that area. If the rental cannot be increased in order to offset the annual Property Tax because the property rental is now too high and the property cannot be leased, then that investor would either have to choose to invest in other states that don't have such a Property Tax or, if all states begin to move to such an annual tax without threshold, would have to move to another asset class such as shares. It is interesting that other asset classes such as shares do not have any such annual tax based on their value as at a certain date each year.

PROPERTY TAX FOREVER

Trying to look positively at the new Property Tax proposal, the biggest concern our members had was that the ongoing Property Tax with no end date is actually providing a disadvantage to those who cannot afford a lump sum.

Ongoing Property Tax should be limited and capped with a fixed amount. Such an annual Property Tax will be expensive for holding any property for the longer term. From NSW property owners' points of view, the Government may as well keep the one off stamp duty tax as it is now.

This new scheme disadvantages buyers who hold property for the long term as they will pay more than the initial stamp duty. The annual Property Tax should stop when the buyer has paid out the same amount as the initial stamp duty would have been.