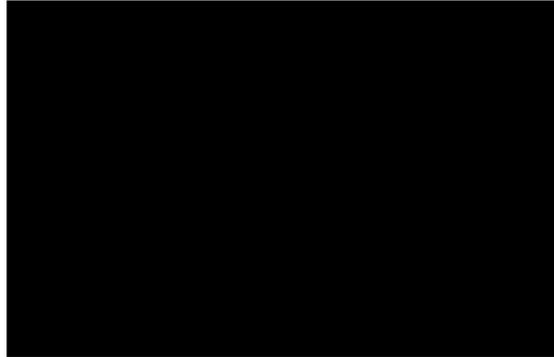


**REPLACING STAMP DUTY AND LAND TAX IN NSW WITH AN ALTERNATIVE ANNUAL PROPERTY TAX
BASED ON COUNCIL RATE NOTICE ASSESSMENTS - NOT LAND VALUES**

SUBMISSION

FROM



1. I support the replacement of stamp duty and land tax with one property tax which I have been advocating for since 2006.
2. My proposal - using the acronym [REDACTED] – Property Owners State Tax – is set out in Attachment [REDACTED] to my submission to the [REDACTED] in October 2008 - which can be read at:
[REDACTED]
3. My proposal differs from the Government’s current proposal as it uses the annual council rate assessment notice – not the land value – to determine an individual owner’s liability for annual payment of POST.
4. Land values as determined by the Valuer General have been controversial and led to an Ombudsman’s Inquiry in 2005 – which I was instrumental in procuring.
5. The Ombudsman was highly critical of the way land values were determined by the Valuer General:
[REDACTED]
6. Attempts since the Ombudsman’s Inquiry to rectify land values whilst still using the discredited mass valuation system has continued to corrupt land values – as successful appeals by property owners are not translated into amendments to land values for other properties included in the same component code.

7. Using the owner's annual council rate assessment notice to determine that owner's liability for paying POST substitutes a finite amount (the amount of council rates to be paid) for a valuer's opinion (the value of the property) - enabling Governments to budget to the exact dollar the amount they will collect each year.
8. Honesty in budgeting should always be the aim of Governments of all political persuasions. This can be better achieved if my system of assessment is adopted. Substantial over-collections of the proposed tax over budgeted receipts will occur (as happens annually now with land tax) if land values are retained as the basis of assessment.
9. I am happy to meet and discuss my proposal and answer any queries.
10. Modelling of my proposal is required but I do not have the resources to do this independently. I am happy to work with Treasury at no charge on such modelling.
11. In response to the questions you raise in your *Questions for Consultation* I respond as follows:
 1. Yes – to both questions
 2. Do not agree. There is a better, fairer and more transparent system using annual council rates to be paid – not the land value - as the basis of assessment: <https://www.██████████.gov.au/wp-content/uploads/2015/09/██████████.pdf>
 3. No. Allowing an optional choice will defeat the intention of the reform and complicate budgeting for revenue to be collected annually.
 4. Yes. For example – the new tax would not cut in for say two years for properties purchased during the last 12 months before the introduction of the new tax.
 5. No. See 3 above.
 6. Yes. My proposed system allows for this to occur as differential rates are already applied to the different classes of properties identified by your question in calculating liability for payment of council rates.
 7. Yes. The cost would be low if existing rate assessment notices were used as the basis for calculating the new tax.
 8. Any thresholds or exemptions should be avoided in my opinion – other than those already built into the existing rating system – pensioners, religious, sporting, diplomatic, State and Commonwealth owned properties.
 9. The rate for residential investment, farmland and commercial properties could be higher than the rate applied to residential owner-occupied properties to take into account that payment of the new tax for those classes of properties

is tax deductible. Tenants and owners would negotiate on liability for payment of the tax as happens now with land tax.

10. Same as exists now for inability to meet council rates or land tax – including securing outstanding amounts by a caveat on the property
11. All properties – other than those currently exempted under the current rating system – should pay the new tax – with no threshold. These remaining properties and their owners all enjoy the benefit of government services paid for by the tax – schools, hospitals, police etc.
12. Yes – replace use of land values on properties with council rates paid on those properties to determine liability for payment of new tax – with the following benefits:
 - Fairer, more equitable, more easily understood by taxpayers and more transparent.
 - Will avoid large annual unforeseen increases caused by large annual increases in land values - as currently occurs with land tax (even allowing for aggregation over three years).
 - Will see reduced appeals against land valuations and free up administrative and court time in processing.
 - Collection of tax by councils simultaneously with collection of council rates by allowing quarterly instalments will remove one layer of administration.

Dated: 8 March 2021