
From: [REDACTED]
Sent: 14/02/2021 8:52:33 PM
To: Tax Reform Taskforce [taxreformtaskforce@treasury.nsw.gov.au]
Subject: Stamp duty reform

Dear sir/madam

I am writing in response to the proposed NSW stamp duty reform consultation paper.

I would much prefer that a fresh election be made available in the framework to ensure that buyers are always given a choice to pay the stamp duty upfront on a purchase, or to defer the tax by annual instalment. I can't see why this would not be offered in the proposal given that it is likely two systems need to be maintained for the foreseeable future, unless government at some point made annual taxes the only basis to collect revenue.

If the proposal is for the benefit of the community, and to stimulate the economy, choice is important to ensure it achieves the desired (stated) purpose of the reform, ie to stimulate the economy and to provide a fairer system for all.

Questions for consultation

1. Do you agree that stamp duty is out of date and is a handbrake on the economy? Is there merit in replacing it with a broad-based annual property tax?

As stated above, choice for ratepayers is an important consideration. A fresh election should be made available on every property purchase instead of being locked in to the annual land tax system once a choice has been made on a particular property to defer the tax.

2. The annual property tax would be based on unimproved land value, much like the way council rates are currently calculated – what do you think of this approach?

Council rates are a bit ambiguous in terms of how it is assessed in different areas. This should be subject to a more stringent annual review mechanism.

3. Do you agree that it would be attractive to be able to choose an annual property tax rather than paying a large lump-sum stamp duty on a purchase and, for investors, the current annual land tax?

Yes

4. Is an opt-in and gradual approach the best way of ensuring a fair transition to the property tax?

As stated above, I would much prefer that a fresh election be made available in the framework to ensure that buyers are always given a choice to pay the stamp duty upfront on a purchase, or to defer the tax by annual instalment. I can't see why this would not be offered in the proposal given that it is likely two systems need to be maintained for the foreseeable future.

5. Would you delay a home purchase if it meant you could opt-in to the property tax? Should there be a limited window for retrospective opt-in to the property tax, after it commences?

It is important to provide options for different people to suit their particular circumstance, so yes, there should be a retrospective opt-in available to provide maximum flexibility.

6. Should there be different property tax rates for residential owner-occupied properties, residential investment properties, farmland, and commercial properties?

It is important to assist home-owners to manage their budget who mostly struggle to meet annual expenses, in particular young families struggling to make ends meet.

7. Given this tax reform is an investment into our future, do you think it is worth the cost?

I think so, it is always beneficial to consider new approaches which may offer win-win situations for all, and to address unfairness in the system.

8. Should price thresholds be used to exclude people buying the most expensive properties from being able to choose the property tax?

I think the same considerations apply to everyone.

9. What arrangements should be made for residential and commercial tenants if their landlord chooses to pay the property tax?

The question is whether the additional tax would potentially be passed on to tenants, which would push up rents.

10. What should happen for people who have chosen the property tax, but then can't afford it? 11. What is the best way of ensuring that the property tax remains affordable for taxpayers, while generating the same amount of long-run revenue as stamp duty and land tax? 12. Is there a specific aspect of our proposed reform you would change to help make the proposal better?

See my above comments in particular, question number 4.

Thank you for the opportunity to comment.

Yours sincerely

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