
From: [REDACTED]
Sent: 24/02/2021 11:45:47 PM
To: Tax Reform Taskforce [taxreformtaskforce@treasury.nsw.gov.au]
Subject: Property Tax consultation response

I am originally from [REDACTED] and would like to comment on your recent proposal to change from the stamp duty based tax system to a land based tax system. In the US, the land based tax system varies from state to state but largely it is similar across the board.

I believe it is a step in the right direction for Australia (and my young children here) to allow people to become more mobile. It is also an effective way to prevent further house price inflation. I have witnessed this myself and know that it works.

The land based system has been in place in [REDACTED] for decades and is similar to what is being proposed. I am not familiar with all the details of this reform but would like to highlight some points for consideration.

1. Have you considered a "homestead exemption"? This is a term used to allow owners to claim an exemption for their primary residence. There are certain criteria that must be met, but the benefit is that allows homeowners to pay less tax. If the property is held for investment purposes the homestead exemption does not apply and the rate of property tax in most cases for the investment is double. The homestead exemption is popular with a large portion of the population and it encourages homeownership. It also ensures homes purchased for investment purposes have a solid business case as opposed to here in Australia where people simply purchase an investment property to reduce their taxable income.

2. What is the appeals process for the applied tax rate? In [REDACTED] there are companies whose business model is to appeal tax appraisals on behalf of homeowners. They are paid by sharing half the reduction in tax they have achieved. If there is no reduction in the tax amount they are not paid. This process of appeals is critical in preventing frivolous tax increases from the government by incentivising private business.

3. Does the tax stay with the property rather than the owner. Example; If there is unpaid property tax on a home then effectively there is a lien on the home until that debt is paid. This has been the case in the US for many vacant properties. Before purchasing them the outstanding tax must be paid in order to take title.

4. Have you considered the handling of tax that is paid for the year and then the property is sold during that year. Is the property tax paid for by the purchaser on a prorated basis on settlement?

These are just a few of the things that come to mind. If you have any further questions or need clarification then please feel free to reach out to me.

Can you please also confirm that you have received this correspondence.

Kind regards,
[REDACTED]