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I am sending this via Aust Post as there is no automatic response that email has been received, so am not sure it is getting through.

BUYING IN NSW BUILDING A FUTURE...CREATING JOBS AND SECURING OUR FUTURE ABOLISHING STAMP DUTY...REPLACING WITH PROPERTY TAX.

I have tried to understand your consultation paper, but find it convoluted, repetitive and contradictory and I have to ask is **THIS** proposal to be taken seriously? The one thing that is clear to me is the Government's agenda – to obtain revenue by establishing a tax on every property in NSW, but at the same time not willing to present this proposal openly and honestly to the people of NSW so we can vote on it at the next election.

Putting the emphasis on stamp duty is misleading and this paper is an insult to everyone, potential purchasers and landowners alike. To say you want to abolish a once-off payment and replace it with a continuous tax for the life of the property is way out of proportion.

Stamp duty -- *"It is a major barrier to anyone saving for their first home" "a brake on the economy" "a major obstacle" "one of the biggest upfront barriers to buying a home" "stamp duty is an inefficient and volatile tax that puts a break on economic growth" "stamp duty has a direct impact on the ability for people to live where they want, when they want" "removing stamp duty from the equation will help make home ownership more achievable in NSW"* Yet this is a duty set by Government - CONTRADICTION

Page 7, 14, 15 - The *"much smaller annual property tax...could inject \$11billion over FOUR years into the economy providing much needed stimulus in the current downturn"* But on page 18 *"this switch would be costly for the government - \$11billion of lost revenue in just the first four years"* – CONTRADICTION

Why would a Government, in this time of economic/health crisis want to implement a change that will reduce revenue when it is needed most? Could the preoccupation we have with Covid19 be the perfect coattail to hide under? NSW Government has NOT presented this proposal to the people. A little airplay in November 2020 and being directed to the online consultation paper is not getting across to the majority. I asked for printed copies for my family and I was told that was out of the question, to print them myself and an invitation to a round table discussion one week before closing date is purely meeting requirements to the minimum.

The manipulation being used in this proposal is insulting. First, we do not need pages of smiling happy people. This is misdirection and not representative of the families who supposedly can do nothing because of stamp duty, as is using the words *"empowered"* and *"in charge"* in relation to people making the *"transition to the new scheme at their own pace"*.

Compare, in 20 years on a \$700,000 loan, the once-off stamp duty \$26,835 to the \$54,398 in property tax. Your own paperwork advises that by paying stamp duty one can **"save \$27,563 over this time"**. And this tax doesn't stop after 20 years, it is for the life of the property. Do you really believe anyone would choose property tax when they see **your** figures? Or is that why they are not included here in this consultation paper? *"The NSW Government would ensure buyers have all the information they need to make the choice to pay stamp duty or the property tax,"* I ask who decides what information *"they need"*?

In my opinion presenting this option for people to make their choice as to when a property is saddled with property tax is so the Government (whichever is in power) can put the blame back on to the original purchasers, when people eventually start complaining about it. Truth is if I was looking to buy and there were two houses one with property tax, one with stamp duty, I would not choose the one with a perpetual debt attached to it.

Page 10 – “Stamp duty is a transaction based tax paid on the transfer of land, both residential and commercial...based on sale price”.

Why based on sale price? Does this mean there is more work in the relatively simple task of electronically transferring the title from one owner to another? Why not a straight forward transfer fee of \$500. This is the base amount indicated for the proposed property tax.

Stamp duty is being portrayed as the villain – people feel “locked out” of their “great Australian dream”. I did my own survey asking my five adult children how important was stamp duty when considering buying their homes. They all replied it was an added cost, but as for choosing where and when to buy, as with my husband and I, it didn’t come into the consideration at all. Where we worked, can we afford the repayments, transport, proximity to schools and family were our primary considerations. You give examples of how long it takes to save now compared to 1990. Of course it takes longer, everything is more expensive. Our first property in 1978 was \$23,000, my weekly wage \$125. First house in 1984 cost \$40,000. In 2012 an old house and land \$385,000. In 1991 was paying 18% on a home loan, today one can get a loan for as low as 1.88% We all can argue the figures.

Page 15 - “Each additional dollar of stamp duty revenue collected lowers household living standards”

Apparently replacing this revenue with land tax (I assume land tax here means the proposed property tax) “generates the same revenue without the adverse impacts”. Surely here you mean more revenue, as indicated by your own figures. Here the idea is that not paying stamp duty allows for more to be spent on furnishings, renovations etc., creating more work which is good for the economy. You can get the same by just abolishing the stamp duty and replacing it with a simple transfer fee. (Plus the good will of the voters)

The proposed property reform is “worth an extra \$3,300 of income per household”. Well and good if everyone is continually gainfully employed, does not have unexpected medical problems, does not get retrenched or hours reduced or retires. This \$3,300 will not always be there for people but your tax will be. All because someone chose to save approx. \$25,000 on the day. At present we pay every fortnight \$65 to council for rates. With a property tax, we have to find at least the same amount fortnightly for the property tax. Being pensioners, what do you suggest we go without? One thing is guaranteed. Should this proposal be passed we will drop all consideration of moving home. So much for helping retirees wanting to downsize.

MARGINAL EXCESS BURDEN OF MAJOR NSW TAXES chart.

I am the first to admit I am lost when it comes to percentages, charts etc. The figures on the left (-20 to 120) have no explanation. Convenient to your argument that residential stamp duty is the highest and your proposed broad land tax is second lowest, but how can Council Rates be -9. Honestly how can any **tax burden** be a minus? Isn’t this a double negative? Or a gain? Your “broad land tax” is permanent, while not everything represented is, as people can choose not to have insurances, cars etc. I would appreciate explanations to these figures.

Page 17 - *Property tax based on unimproved land value like council rates.*

Why the need to tell us how “in principle” you could assess the tax on market value, but then point out this thought is discouraged as people will invest less in their properties resulting in lower economic growth. Yet the Government bases stamp duty on market value. – CONTRADICTION.

Page 18 – *Which tax to pay – “The NSW Government believes the best way to manage this challenge is to give the individual tax payers a choice when they buy a property.”*

Are we to believe this makes “everyone better off”? Each purchase with the property tax option makes that property liable to an annual tax and subsequent purchasers will NOT have a choice and your own figures show how much more they will pay. As soon as a person pays one cent over the original stamp duty fee they are not better off. How do you think people will react knowing they are paying annually a tax (because they or a predecessor chose property tax) that others do not have to pay because they chose or had already paid stamp duty. They are essentially paying the Government for these people. Do you think they will feel “better off”?

Opt-in to the property tax for people so they will have “no regrets” because they purchased before the legislation commences. Hardly anyone knows about this proposal. We asked! When and how do these people find out they missed this option? How far back would you make this retroactive? The further back you

go the more people you may get to take up the option. Of course not as many people as you think may take it up.

I do agree the property tax is an attractive option for *"mobile families"* who buy and sell every few years but in my 65 years I have only known one family to do that, and that was over one ten year period and circumstances were the only reason they sold, not choice. When I ask people what they think of this option their first response is *"who would buy, just rent!"*

Page 19 - *"Revenue neutrality would underpin the property tax rates. The overarching goal is neither to increase nor decrease the amount of tax collected from broad groups of property owners. Instead, the reform would change the manner and time in which that tax revenue is collected".*

"If the Government proceeds with this reform, it will legislate a clearly defined formula for calculating the amount of tax payable now and in the future."

What is *"revenue neutrality"*? All I know is you want to abolish one relatively small cost, replace it with an annual tax, that initially only a small percentage of people will be paying, and you do not want to increase nor decrease the amount collected? I find this very confusing and have to ask does the writer understand what they wrote? And why *"broad groups"* of landowners? Is this so that those paying a higher land tax can pay less and those in residential homes who do not pay land tax will now subsidise those landowners? Just exactly how do you propose to change the *"manner"* in which tax is collected? Explanations to these questions would be appreciated.

Page 20 – *"Price thresholds to protect the Government's budget"* Least expensive properties are offered the property tax first maximising the number of people who can opt-in. The Government forgoes a maximum of \$2billion in any year and NSW Government debt could initially increase and debt resulting from this reform could be paid off in *"around 50 years"*. Quite frankly I do not understand how you can be saying we need reform and the proposed changes could provide the *"ECONOMIC BOOST AT THE TIME WE NEED IT MOST!"* I interpret this to mean stamp duty to be abolished, replaced with an annual tax that will greatly exceed the original stamp duty amount and this tax will go towards recovering any/all debt of the NSW Government, presented under the guise of helping people attain their *"dream"*.

Page 21 – *Hardship.*

The prospect of *"financial circumstances of landowners can change over time, which may affect their ability to pay tax"* acknowledges the Government is proposing a guaranteed burden on people at some time in their future. Allowing them to *"defer liabilities until their financial circumstances improve or until they eventually sell or transfer ownership of the property"* is not magnanimity, it is greed. This Government is making a mockery of the *"great Australian dream"* that is referred to on page 6. Also how does this affect superannuation? Will it have to be increased as there is a new added burden on people, how will employers react?

Page 22 – *Revenue Neutrality – "Over the long term the reform would generate the same amount of revenue as stamp duty and land tax. This principal is key to balancing fiscal responsibility with the TAX BURDEN for individual property owners".*

How long exactly is *"the long term"*? A few broadcasts in November 2020 mentioned 12 years of payments would come even with the stamp duty, but I can find nothing on print to back this up. Government's own paperwork shows paying over double in 20 years! Is this considered *"neutral"*? Why does this consultation paper not show the figures here that you show on Treasury's website?

"Property tax based purely on land values, where the tax rate is fixed might outgrow household incomes and erode housing affordability".

Quite frankly your agenda here scares me. What *"mechanisms"* are being considered to *"ensure that the property tax remains affordable, and in line with households' capacity to pay."* How intrusive into people's lives do you intend to become to be able to *"grow the annual property tax revenue target in line with household income resetting the rates each year to ensure total revenue is equal to this target. This would be similar to how council rates are set each year, within a total revenue cap"*. A lot of words, but what exactly do you mean, or, what are you opening the door for by putting this in the proposal. As far as I know our rates have a base amount with a rate in the dollar (depending on category residential/business etc) determined by the Valuer General on the land, reviewed every three years, and income does not come into the equation,

although rebates are given to pensioners. What is the “**target**”? I would appreciate an explanation on this also.

Page 23 – *“Question for consultation: 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?”*
What consultation? None has been provided to date. Obviously the best way to make it affordable is NOT to implement it. Owner occupied residential houses do not have land tax and stamp duty is a once-off relatively small amount compared to purchase price, and property tax is annually having no end date so how can they be the **same amount**? This is your example question, so when do we get your answer? Stamp duty and property tax can **NEVER** be the same amount of revenue.

Page 24 - *The Government is interested in feedback on the broad design of the reform.*

My honest feedback is, taking into consideration previous land issues with both Labour and Liberal Governments, nothing that is presented to us for comment can be taken at face value and is **never** in the interest of the individual small landowner. Government wants a new tax on landowners as it wants more revenue. That is the bottom line of this proposal, with no consideration of the added weight it places on people, especially those who have done the right thing all their lives and should be able to retire without an extra burden that they may have to pass on to family.

This proposal reminds me of funeral insurance and how unfair it was that people paid for decades, only to find their payments had far exceeded the actual cost of the funeral, and the over-payments would not be refunded. Did the Government not put a stop to that? And now if one pays past the actual cost, the excess is refunded.

Is this not an about-face that this same entity now wants to impose a permanent tax in lieu of a once-off payment?

Abolishing stamp duty is giving a lolly to the child before giving them the needle, and I would ask one last question. Anyone reading this, would you take up the option, or advise family/friends to take up the option of property tax if you did not have to?

This is an election losing proposal that is already making this and our extended households reconsider our future here in NSW, but I appreciate the opportunity of having my say, and hope my thoughts will be acknowledged.

