
From: [REDACTED]
Sent: 16/02/2021 10:00:45 PM
To: Tax Reform Taskforce [taxreformtaskforce@treasury.nsw.gov.au]
Subject: Buying in NSW - response to 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 Do you agree that stamp duty is out of date and is a handbrake on the economy?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?
I agree that it's out of date and a handbrake on the economy. My preference would be to increase the stamp duty threshold in line with Sydney property prices (or perhaps have different thresholds/percentages for Sydney vs regional), or to reduce the percentage rate so it's actually affordable, perhaps more like a quarter of a percent, up to 2% for a \$1.2m home in Sydney (the average home price). Paying almost \$30,000 stamp duty on a \$790,000 1 bedroom apartment vs nothing on a \$650,000 apartment makes it very difficult for a first home buyer to purchase the property they actually want. For an average person paying Sydney rent, it will take a very long time to save \$30,000 in addition to a deposit. All that saving hurts the economy and prevents renovations from happening which doesn't happen in rentals.
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?
I agree with this approach.
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?
It's attractive to have the choice but I don't agree it should stay with the property, forcing subsequent owners to pay the tax. They should have the option of paying a lump sum at the time of purchase. Otherwise it would make it harder to sell, preventing mobility, negatively impacting the housing market and the economy if the next buyers don't want to pay an annual tax. Buyers should always be able to choose at the time of purchase.
4. Is an opt-in and gradual approach the best way of ensuring a fair transition to the property tax?
Yes.
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?
Yes and yes.
6. Should there be different property tax rates for residential owner-occupied properties, residential investment properties, farmland, and commercial properties?
Yes.
7. Given this tax reform is an investment into our future, do you think it is worth the cost?
Yes.
8. Should price thresholds be used to exclude people buying the most expensive properties from being able to choose the property tax?
No.
9. What arrangements should be made for residential and commercial tenants if their landlord chooses to pay the property tax?
Interesting question. It would increase rents presumably but that's hard to avoid. There will be fewer tenants and rentals though if more people can afford to buy, ideally.
10. What should happen for people who have chosen the property tax, but then can't afford it? In line with what happens when people can't pay their yearly income tax bills.
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?
The government has the potential to generate more money from property tax if people are moving around more and purchasing more properties.
12. Is there a specific aspect of our proposed reform you would change to help make the proposal better?
Yes. Subsequent owners shouldn't be forced to pay an annual tax. They should be given the choice. My preference would be to see an increase in the stamp duty thresholds, perhaps a state-based/capital city approach, and a reduction in the percentage rate so that it's more affordable to buy an average home in Sydney.

Sent from my iPhone