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Sent: 5/01/2021 6:59:03 AM
To: Tax Reform Taskforce [taxreformtaskforce@treasury.nsw.gov.au]
Subject: Stamp duty reform questions
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Hi

I have a few questions not addressed in the information provided.

1. Say you are buying a home for a limited amount of time and so decide to take the property tax option. Then circumstances change (eg COVID!) and you realise you will have to make that property your forever home. There should be a way to "pay over" from property tax to stamp duty in this case – as none of us can know for sure what will happen in the future. I think there should be an option to allow a home owner to change the basis of the tax in the future. I know there would be a cost for them to do so, but all the same, they should have the option. It could take into account the property tax already paid, as well as an inflation factor, but it should be available.
2. First home owners get a lot of assistance. And I do not disagree with this. However, we have been long term renters (10+ years due to family illness and work issues). We do not own any property now. We are getting older and need to look at how we will be able to live anywhere once we retire. The difficulty in saving a deposit, paying rent, and then paying stamp duty (or property tax) make the future look bleak for us. Can there not be some consideration to assist ANY people trying to get into the property market? Or say, if you have not owned property for a period of time, the first home buyers assistance can re apply to you? It would be better to have people purchasing something of their own for the future than someone trying to find a rental into their 70's or 80's.
3. Has there been any thought to making stamp duty cumulative - what I mean is, say, you pay stamp duty of \$10k on your first property, then trade up to another property a few years later. Instead of paying the full amount of stamp duty again, the \$10k already paid comes off the amount for the second purchase. It means people don't keep repaying stamp duty on the value of property they already held? It will impact revenue, but I also think there could be a better distribution of stamp duty for high end property. Purchasing a \$10m+ property should have a higher stamp duty impost.
4. I don't think it is fair to say that once a buyer of a property decided to pay property tax rather than stamp duty on their purchase, that this has to stay this way for this property forever. It will mean then that people who do want a forever home will be financially worse off in that house, so they will have to look elsewhere. This will impact the sales market, though maybe that is the point? And in the end you will have less and less properties available for people who do want to put down roots and build communities for the long term and in doing so prefer to pay stamp duty up front. And create "churn" suburbs which may not be a good thing socially or culturally.

Essentially I have always wondered what on earth we get for our 000's paid in stamp duty. Of all the taxes we pay, it is the one that makes least sense. It has the same kind of logic as sales tax really. It's just a tax for the sake of having one, with the expectation that people who want to own their own place to live (and have some kind of residential security), can afford to pay bulk tax for no return. I am in my 50's now and my concerns for what we might end up in are real, and a daily concern. I do not dispute that I earn a good salary, but if it concerns me, there are many others in the same boat, or much, much worse.

I would like to know what thoughts are being had on these matters - especially coming out of COVID, where I suspect we will see more property on the market as families struggle to meet mortgages and hold down jobs. How do we work to help this group of people get back in the market and not put further pressure on the rental situation in the future?

Thank you

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