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NSW Treasury

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**Submission: Tax reform taskforce**

Further to my comments during the Public Consultation phase I wish to submit the following:

1. Charities and not-for-profit organisations that are currently exempt from Stamp Duty and Land Tax must remain exempt from the proposed Property Tax. This intention has been expressed anecdotally however the Consultation Paper is silent on the issue. The exemption must be explicit and enduring, conferred to the organisation and not to the property.
2. The implementation of a Property Tax must be phased in with genuine protections.
  - a. Charities with existing commercial leases must be assured that rents will not be unreasonably increased if a property is sold and the new owner opts-in to the new scheme during their occupancy.
  - b. Residential tenants must be protected from rent increases which would worsen the rental affordability crisis.

There is an explicit assumption in the Consultation Paper that tenants have choice (see Protections page 16) which, even in less frenetic markets, could be naive or disingenuous. With residential vacancy rates at effectively zero in many areas tenants have no choice or the ability to negotiate fair, secure or affordable lease agreements.

Further, the assertion that "the reform could result in lower rents" (see Protections page 21) disregards the commercial drivers of the housing market and the wealth creation motive which underpins investment decisions. Again the suggestion that a property tax could benefit tenants would seem misguided.

3. A dual system should remain in place indefinitely. That is, buyers should always have a choice to pay stamp duty upfront or to opt-in to pay an annual tax. This would mitigate the risk of housing insecurity for people on limited or fixed incomes and for whom an annual tax would represent a permanent increase to their cost of living.

I encourage the Government to continue consulting with diverse representatives of the housing, disability, aged care, early childhood, sporting and mental health sectors about the reform. Our society relies on the community sector to supplement the services provided by government and the private sector. It should be strengthened, not inadvertently weakened.

