



PR & Media Samantha Elley
16 Thesiger Court, Deakin ACT 2600
Phone 0413 986 068 | Fax 02 6285 2444
www.reia.com.au | media@reia.com.au
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REIA WELCOMES DRAFT REPORT INTO REFORMING GST AND REDUCING INEFFICIENT TAXES

The Real Estate Institute of Australia has welcomed, *Supporting the road to recovery*, the Draft Report of the independent NSW Review of Federal Financial Relations.

The report notes that ‘There is a strong case for reforming the GST and reducing our reliance on more harmful taxes, while re-directing a portion of revenue to lower income households so they do not bear the burden of reform’ and it is ‘time for state and Commonwealth governments to agree to options for reforming our 20-year-old GST and scaling back inefficient taxes’ including stamp duty on property transactions.

“The REIA supports the call for the newly formed National Cabinet to commence the long overdue discussion to adjust the GST and remove inefficient taxes such as stamp duty on property transactions to boost economic growth at this crucial time and not let this report gather dust on the bookshelf as others have,” said Mr Adrian Kelly, President of the Real Estate Institute of Australia.

“Taxes are one of the factors determining investment in housing and thus housing supply and housing affordability. The housing sector is one of the most heavily taxed sectors of the Australian economy, both in absolute and relative terms,”

“There are many earlier studies that reinforce the findings of this report that abolition of the efficient tax of stamp duty will bring economic and social benefits including assisting affordability by reducing the transaction costs of buying property. A notable earlier review, the Henry Review, said stamp duties on conveyances are inconsistent with the needs of a modern tax system and should be replaced with a more efficient means of raising revenue.”

“Stamp duties on the transfer of property are the second-largest source of state tax revenue (generating 24 per cent of state tax revenue) yet they are a highly volatile tax, with revenue fluctuating by over 50 per cent.”

“Economic analysis shows that economic activity in Australia can be lifted by shifting the composition of taxes from high economic cost State taxes to lower cost Australia-wide taxes, without changing the overall level of tax revenues.”

“As this report notes, state governments cannot eliminate inefficient taxes without going into deficit or having to reduce expenditure substantially. Hence cooperation between the Australian Government and the States is needed to undertake reform of inefficient state taxes.” concluded Mr Kelly.

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The Real Estate Institute of Australia (REIA) is the national professional association for real estate agents in Australia.

For further information or to speak with REIA President Adrian Kelly please contact Samantha Elley via media@reia.com.au or 0413 986 068.