

Media Release



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TIME TO AXE THE TAX TO ASSIST HOUSING AFFORDABILITY

Real Estate Institute of Australia (REIA) has found the NHFIC report *Stamp Duty: Benefits and Challenges* solidifies what real estate agents already know: property taxation in the form of stamp or transfer duties and land tax is one of the largest barriers to housing affordability and consistently performing markets.

REIA president, Adrian Kelly said families across all the states and territories, except the ACT, are paying more stamp duty today than 20 years ago and that is time to get serious about stamp duty reform.

“Politicians cannot on one hand gripe about housing affordability; and then on the other say we need this income from home buyers and owners to fund public sector operations.

“Calls from the NSW Government as reported by the Australian today – with the Federal Governments to set up a productivity fund to incentivise stamp duty reform – is one sensible approach to make our Federation competitive and get this important reform going in earnest.

“REIA renews our call on the Council of Federal Financial Relations to take on board this issue seriously and nationally rather than just shift this responsibility off to States and Territories,” he said.

Mr Kelly cautioned that the assumed alternative in the report – the introduction of a land tax – is not necessarily a panacea and that State Governments should reconsider their focus on taxing Australian homes and households to fund their coffers.

The report found that a household that bought a Sydney median priced house four times over the past 20 years would have paid more than 10 times the amount of duty than a household making only one purchase at the start of this period. Victoria has the largest effective rate of transfer duty on a median property at around 5.4% compared to 4.2% in 2002.

Mr Kelly added that whilst the report concludes that overall consumers are better off paying land tax than a transfer duty this needs to be done correctly and examined lessons learnt of indirect consequences.

“Experience in the ACT is that land tax has scared off investors from the market and significantly reduced the amount of private rentals available.

“So if you want rents to stabilise, a broad-based tax or even revising the GST then shared equally by all sectors of the economy would be the better replacement not unfairly taxing homes and households. Alternatively, an opt-in approach to the payment of stamp duty, where the user elects what to pay and when is another pragmatic approach. We congratulate NHFIC for leading the way on this conversation with evidence led research,” he concluded.

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Established in 1924, REIA is a federated body of State & Territory Real Estate Institutes representing 85% of Australian real estate agencies. We are a national advocate for the Australian real estate industry which is made up of 46,793 Australian businesses that employs 133,360 Australians. For more information visit www.reia.com.au