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NSW TO DEBATE LAND TAX FOLLOWING INQUIRY

An inquiry that delayed the debate of a government plan allowing more first-home buyers to avoid stamp duty has recommended debate go ahead.

The NSW upper house had already referred the Property Tax (First Home Buyer Choice) Bill 2022 to an inquiry before it passed the lower house last month.

The bill seeks to begin a two-year trial in January allowing first-home buyers to choose an annual land tax rather than paying upfront stamp duty on properties up to \$1.5 million.

Existing concessions and exemptions are available for first-home buyers purchasing property under \$800,000.

The government says it will help more first-home buyers get their first property sooner by removing the need for them to save up more money for stamp duty.

Labor has smeared the bill as placing a "forever tax" on the family home that will cost the government revenue.

The committee received 15 submissions and held one public hearing, making one recommendation for the upper house to proceed with a debate, addressing concerns identified by stakeholders in the inquiry.

Committee chair, Labor's Tara Moriarty, said the inquiry heard arguments in support of the bill, while some others raised concerns.

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"Given the limited time available to the committee, the committee refers the bill back to the house for its consideration, including those matters set out in the report," she said.

Those matters include the frequency of the scheme being reviewed, whether it will increase demand and therefore the price of property, and whether more buyers should be able to opt for land tax.

The calculations used to determine the tax paid could also be subject to debate.

Government bureaucrats told the hearing they were preparing for the scheme to begin in January.

The report notes a "very tight turnaround" limited the committee's capacity for a full inquiry.

The land tax option is a pet-policy of Premier Dominic Perrottet, who called on the opposition to stop stalling its passage through parliament on Friday.

"Labor should get out of the way (rather than) not allowing first-home owners to get their keys to the great Australian dream," he said.

"That's what this reform is all about."

The report noted the scheme favours people buying apartments, which some submissions to the inquiry said was appropriate.

While unit purchases are more reflective of the modern property market for first-home buyers, particularly in cities, it is less aligned with traditional ideal of the "great Australian dream" being a detached home with a Hills Hoist anchored in a backyard capable of hosting a barbecue.

Properties satisfying that criteria are less likely to fall under the \$1.5 million cap, but Treasury analysis has calculated about 84 per cent of homes sold in NSW would.

Opposition Leader Chris Minns said the scheme will end if his party takes government in March, two months after the trial is set to begin.

NSW parliament resumes next week for its final nine sitting days before the election.

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LAND TAX BILL PASSES IN NSW PARLIAMENT, HOMEBUYERS CAN PICK STAMP DUTY OR ONGOING PAYMENT

Controversial stamp duty laws have passed NSW parliament, allowing first home buyers to choose between an annual property fee or an upfront payment on their first property.

Those buying a house from January 16 2023 will be able to opt-into the scheme, however anyone who purchases a house from Saturday November 12 until then can choose to receive a refund if they sign up to the annual fee.

The new law allows first home buyers to opt into an annual fee of worth \$400 plus a tax of 0.3 per cent of the value of their land.

“The great Australian dream of home ownership just got much easier for a generation of young families,” NSW Premier Dominic Perrottet said.

“For the first time we will provide first home buyers with a choice, helping thousands of people to shave around two years off the time needed to save for a deposit.

The laws cover all properties worth up to \$1.5 million or vacant lots of up to \$800,000.

NSW Labor has said that it will repeal the legislation if it wins the March 2023 election, calling it a “Trojan horse” and a “forever tax”.

“Our concern is that future governments will jack up the land tax rate,” Labor’s leader, Chris Minns, said Thursday.

“If you’re already on that merry-go-round, you have to trust this premier, and all future premiers, not to up the land tax rate on your family home.”

According to modelling by NSW Treasury, those who opt for the land tax on a \$1.5 million apartment would take 63 years to “break-even” with the current value of stamp duty they would pay on the property.

A home with the same value would take 29 years to break even, while a unit worth \$800,000 would take 36 years.

The NSW Government has allocated \$728.6 million to First Home Buyer Choice over the next four years.

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