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‘OBSCENE WEALTH’: GREENS PROPOSE TROPHY HOME TAX TO PAY FOR AFFORDABLE HOUSING

The mega-rich owners of Sydney’s most luxurious trophy homes would be taxed to fund affordable housing under a proposal put forward by the NSW Greens on Sunday.

The “Extreme Wealth Property Tax” would impose a flat 4 per cent tax on owner-occupied mega-mansions with a land value over \$10 million, or an improved value exceeding \$20 million, with all revenue going towards building more social and affordable homes.

Under the plan, the existing land tax on properties above the premium threshold (\$5,925,000) would also increase, from 2 to 5 per cent. The premium threshold itself would be expanded to include investors with eight or more properties.

Newtown MP Jenny Leong, the NSW Greens’ spokesperson on housing and homelessness, said the tax would target those at “the really extreme wealth end of the housing market”, and that every luxury property taxed under the scheme could fund several affordable houses.

“There are people who have [homes worth] \$20 million, \$30 million, \$100 million, and because they’re owner-occupied, they don’t pay any land tax on those whatsoever.

“Let’s start talking about taxing the billionaires and the mega-mansions as a way to be able to fund and invest more in affordable housing.”

While Labor has not yet announced its housing policy, it has vowed to overturn NSW Premier Dominic Perrottet’s signature property tax reform, which would give first homebuyers the option to pay an annual land tax instead of upfront stamp duty.

International Property Tax Institute

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Labor has described the government's policy as a "forever tax on the family home".

Leong said the two main parties were "tinkering around the edges" and ignoring the untaxed "obscene wealth" within the state's top luxury properties.

Housing affordability would be a "high priority" in negotiations with either side of a minority government after the election, she said.

Leong said the Greens had calculated the potential revenue from 40 high-end properties they had identified would be subject to their proposed tax, and found those alone could fund 160 new two-bedroom homes.

While "you'd be looking at much higher numbers" in terms of total revenue, the number and value of houses in NSW that would fall under the purview of the tax is unknown.

The lack of information on "massive mega-wealthy homes" in the middle of a housing crisis is a concern "in and of itself", Leong said, and something that would have to change if the policy were adopted.

In addition to providing the state with revenue for affordable housing, Leong said the policy could act as a "disincentive for these people to sit on these kinds of luxury mega-mansions" and open up the supply of land close to the city for more affordable housing.

"We want a city for everybody, and we want people to be able to afford to live in our city. It shouldn't just be about substandard key worker housing where people are given a tiny bedroom and shared facilities so they can service the needs of the rich and famous."