



HIA Stamp Duty Watch

TYPICAL
STAMP DUTY
BILLS

ALL STATES
AND
TERRITORIES

EFFECTS
OF STAMP
DUTY ON
HOUSEHOLD
WEALTH

THE BURDEN
OF STAMP
DUTY

The latest developments in stamp duty on home purchases

Winter 2018

STAMP DUTY TAKES \$21.5 BILLION OUT OF HOMEBUYERS' POCKETS IN 2017/18

Stamp Duty Watch examines latest developments in stamp duty on home purchase in each of the states and territories. The report compares the typical stamp duty bill across the states and territories, **the burden of stamp duty and the effects of stamp duty on household wealth across each of the jurisdictions.**

HIGHLIGHTS:

- Homebuyers across Australia paid \$21.3 billion in stamp duty during 2017/18 – this is the largest value on record.
- Revenue from stamp duty across the states and territories has doubled over the past 8 years.
- State governments have become increasingly dependent on stamp duty revenue with it now accounting for 26.2 per cent of total tax revenue. This compares with an 18.8 per cent stamp duty dependence rate in 2008/09.
- NSW and Victoria are now the most stamp duty-dependent jurisdictions.
- Stamp duty dependence is lowest in the NT where stamp duty's share of tax revenue has fallen to 16.9 per cent from 37.1 per cent just two years earlier.
- The recent experience of the NT highlights the risk to the larger states of too much reliance on stamp duty, given that it is a very volatile strand of government income.
- This makes it all the more important for states to investigate how stamp duty can be replaced with more stable methods of raising revenue – particularly given that stamp duty is so detrimental to affordability.
- In its Budget, the ACT has announced that stamp duty will be abolished for FHBs earning less than \$160,000 from July 2019.
- Based on conditions in May 2018, stamp duty bills are typically highest in Victoria (\$31,200) followed by NSW (\$25,000) and the NT (\$20,100). Stamp duty bills in Queensland are easily the lowest (\$7,200) followed by Tasmania (\$11,100).
- By eroding home purchase deposits, stamp duty bills require homebuyers to take on larger mortgages. In NSW, the stamp duty bill typically causes annual mortgage repayments to rise by \$1,500 with an even larger increase of \$1,875 per year in Victoria.
- By inflating LVRs and reducing deposits, stamp duty results in Lender Mortgage Insurance premiums increasing very significantly for many homebuyers.
- Foreign buyer stamp duty surcharges add \$90,365 to the cost of acquiring a typical unit in Sydney and \$74,525 in Melbourne. Rental markets in both cities are already quite tight and the surcharges reduce the incentives for additional supply to be made available.
- State governments in both Queensland and WA have recently hiked the foreign buyer stamp duty surcharge to 7 per cent. This move risks depriving both housing markets of an important source of demand.

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