



the voice of the industry

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MEDIA RELEASE

## The Real Cost of Stamp Duty

The Housing Industry Association, the voice of Australia's residential building industry, has released the first edition of its new *Stamp Duty Watch* publication. *Stamp Duty Watch* will act as a regular barometer of the stamp duty burden faced by homebuyers in each of Australia's eight states and territories.

"The Winter 2014 edition of *Stamp Duty Watch* confirms how onerous the stamp duty burden is for the long-term financial well-being of ordinary homebuyers around Australia," commented HIA Senior Economist, Shane Garrett.

"The typical homebuyer in Victoria is hit with a \$24,100 stamp duty bill, the highest in the country," remarked Shane Garrett. "In states like New South Wales and Western Australia, the average homeowner can look forward to handing almost \$20,000 over to the state government before the removals truck even arrives," Shane Garrett pointed out. "In all but two of the eight jurisdictions, stamp duty will set buyers back at least \$15,000 on the median-priced home."

"The burden of stamp duty is significant in all states and territories," added Shane Garrett. "With the exception of Queensland, the tax adds at least 3.0 per cent to the cost of the dwelling. In Victoria, the typical stamp duty bill comes to some 5.0 per cent of the dwelling price," Shane Garrett noted.

"This form of taxation makes household indebtedness worse by increasing required borrowings," Shane Garrett said. "Stamp duty results in total mortgage repayments increasing by \$46,400 in Victoria and by \$37,100 in NSW. In WA, additional mortgage repayments will total \$33,800."

"A better alternative for stamp duty would be to have it placed in buyers' superannuation funds," suggested Shane Garrett.

"Investing the stamp duty bill in superannuation at the outset would transform the financial well-being of today's homebuyers on retirement. Use of funds in this way would have the added advantage of taking much of the retirement burden off the public purse over the longer term."

"For example, WA retirees would be better off to the tune of \$234,000 and the typical NSW pension fund would be effectively boosted by \$256,600. In Victoria, stamp duty has the effect of plundering up to \$320,000 from the ordinary buyer's retirement pot."

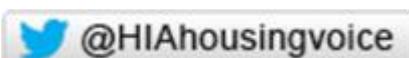
"Stamp duty is an area ripe for policy reform and the report's findings make this all the more apparent," concluded Shane Garrett.

**For further information please contact:**

Shane Garrett, Senior Economist

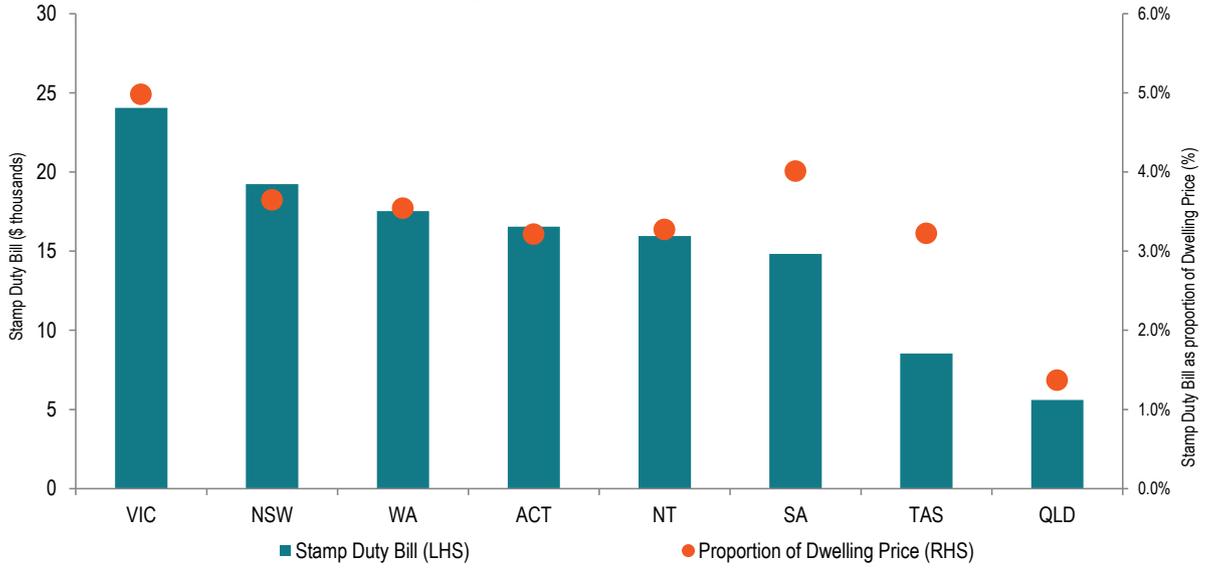
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### Stamp Duty Bill on Median-Priced Dwelling for Owner Occupation, July 2014



Source: RP Data, HIA Stamp Duty Watch