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## Victoria's Dependence on Stamp Duty Revenue Exposed

"The Victorian Premier has today highlighted the volatile nature of stamp duty revenue," said HIA Executive Director Victoria, Fiona Nield.

"The Victorian Treasury projections show that the softening housing market is set to strip \$2.4 billion from the budget," added Ms Nield.

"Over the last decade, successive governments have become ever more dependent on stamp duty. Stamp duty on homes now accounts for 30 per cent of the state's revenue.

"Three dollars in every ten of Victorian state revenue come from this highly inefficient tax on people buying a home.

"The stamp duty liability incurred by a homebuyer purchasing a median priced home in Melbourne equates to an extra 5.2 per cent of the purchase price. This is a higher rate than any other city in the country and is short changing Victorian households.

"Stamp duty is notoriously cyclical and the state's fiscal position is heavily exposed to any downturn in stamp duty receipts.

"While the decline in overall stamp duty receipts will not reduce the cost impost on individual buyers, it will certainly impact on the Victorian government spending and activity.

"Stamp duty is an inefficient and inequitable tax. There is no need for the state budget to be highly subject to volatility in the economy and the housing market. There are better options for raising revenue than stamp duty.

"Victoria should follow the example of the ACT and phase out stamp duty altogether and replace it with a form of revenue that doesn't punish home buyers pursuing their dream of home ownership," concluded Ms Nield.

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