



the voice of the industry

30 August 2019

Red Tape and Taxes

“New homes are one of the most heavily taxed commodities in the economy coming in behind the ‘vice taxes’ on alcohol, tobacco and gambling,” stated Fiona Nield, Executive Director Victoria.

HIA commissioned the Centre for International Economics to perform a bottom-up investigation of the magnitude of the taxes and red tape in housing costs. The assessment found that 10 per cent of all government revenue is raised from taxes on housing.

“Housing is a true necessity but unfortunately the current tax imposts have constrained housing supply and driven the escalating prices over recent decades, leading to higher rents and unnecessary financial pressure on Australians,” added Ms Nield.

“Over the ten years it takes to bring a house and land package to market there is a long and cascading list of regulatory costs and taxes that account for up to half of the cost of the new house and land package in Sydney and up to 37% in Melbourne.

“Stamp duty on the land and the house, GST, land tax, council rates, payroll, income and company taxes combine to raise over \$130,000 in taxes on a typical new house and land package in Melbourne.

“This does not include the additional \$25,000 in development charges or the \$80,000 due to red tape.

“Households have to borrow more to pay these taxes in order to put a roof over their head. They then repay these costs over the lifetime of the loan.

“This makes the mortgage for home buyers 60 to 100 per cent more expensive than would otherwise be the case.

“Governments have had a temporary reprieve from the affordability challenge as the recent fall in existing house prices and interest rates have offset the impact of some of these taxes and red tape.

“As house prices stabilise, housing affordability will again deteriorate unless there is structural reform in how we tax and regulate the supply of new homes and apartments.

“More than 92 per cent of renters in Australia aspire to own their own home, yet less than half of these people anticipate achieving this goal.

“Ten years from paddock to home is too long and \$210,000 in taxes and regulatory costs on an average home is too much.

“We need a coordinated national approach to addressing affordability that includes addressing the tax and regulatory system that constrains the supply of new homes and is the root cause of the affordability challenge,” concluded Ms Nield.

For more details click here: [Summary of the Report and Methodology](#)

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