

# MEDIA RELEASE



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## The Abolition of Stamp Duty in NSW is a Necessary Step

“Stamp duty is an inefficient tax, it is an unfit-for-purpose source of state government revenue and its removal should be a priority for the NSW Government,” explained HIA Executive Director David Bare.

“The COVID recession has highlighted all of the weaknesses of stamp duty. It is impeding the ability of the population to shift to pursue education and employment opportunities and it is causing a decline in revenue to state governments just when they need a stable taxation base.

“Stamp duty is an inequitable tax which falls on a small cohort of taxpayers who need to move for varying reasons including for employment, education and training, health or financial reasons. It has a disproportionately high impact on vulnerable households who face significant changes in their life circumstances such that they need to move.

“Stamp duty is an inefficient tax. It represents a significant additional (though artificial) moving cost that discourages the population moving to a more appropriate home (and location) that best suits their changing needs.

“The higher moving costs are also a barrier to households moving to the most appropriate homes. Older and smaller households may not downsize, while growing families are discouraged from upsizing (the calculation being to extend rather than move).

“The consequence for the wider economy is an inefficient allocation of its resources, particularly labour and the stock of housing.

“Stamp duty revenue depends on two main factors – dwelling prices and the volume of transactions occurring in the market – it is subject to the whims of property market. When the property market is booming (with strong price growth and large transaction volumes) stamp duty provides windfall revenues. By the same token in times of property market weakness, stamp duty revenues also fall and weigh on budget outcomes.

“Stamp Duty bills have increased almost three times faster than house prices since the 1980s and this trend will continue unless stamp duty is reformed.

“In NSW, the typical Stamp Duty bill increased from 1.6 per cent to 3.8 per cent of the median dwelling price between 1982 and 2017.

“In NSW, Stamp Duty rates have not been reformed since 1985, when the average house price was \$70,000.

“Increases in home prices cause stamp duty bills to accelerate because stamp duty rate brackets are rarely updated. This is the problem of stamp duty creep,” concluded Mr Bare.

### For further information please contact:

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## NSW Standard Transfer Duty Rates 1986 – 30/06/2019

Property Value	Transfer Duty Rate
\$0 to \$14,000	\$1.25 for every \$100 (the minimum is \$10)
\$14,001 to \$30,000	\$175 plus \$1.50 for every \$100 over \$14,000
\$30,001 to \$80,000	\$415 plus \$1.75 for every \$100 over \$30,000
\$80,001 to \$300,000	\$1,290 plus \$3.50 for every \$100 over \$80,000
\$300,001 to \$1 million	\$8,990 plus \$4.50 for every \$100 over \$300,000
Over \$1 million	\$40,490 plus \$5.50 for every \$100 over \$1 million

Source: HIA