

MEDIA RELEASE



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Stamp Duty Abolition: The End Justifies the Means

“In replacing stamp duty with a more stable, efficient and equitable tax we should remain focused on the benefits of the reform, not the complexity of the transition,” stated HIA’s Chief Economist, Tim Reardon.

HIA provided a submission to the *Consultation Paper - Buying in NSW, Building a Future* and has today released HIA’s Stamp Duty Watch report. Stamp Duty Watch is a comprehensive regular review of policies in the states and territories around Australia.

“A constant state of paralysis has resulted in a cascading of tax problems as state governments have become increasingly dependent on stamp duty for revenue. This is despite stamp duty being universally recognised as one of the most inefficient and inequitable taxes that does not provide a stable revenue stream,” added Mr Reardon.

“There are numerous strategies that can be pursued to abolish stamp duty including the phased in approach or an ‘opt in/out’ arrangement.

“As with all sound economic reforms, the benefits of the reform ensure that households disadvantaged from the change can be compensated.

“The case in favour of reforming stamp duty is so strong that it doesn’t matter which of these options is adopted, as long as stamp duty is abolished.

“Penalising households for pursuing home ownership does not lead to good economic or social outcomes.

“The efficiency benefits of the removal of stamp are extensive. A workforce able to relocate in the pursuit of education and employment opportunities, without incurring punitive taxes, supports a range of family and community goals.

“Households able to move to a home that suits the size of the family and the location of their employment and studies can lead to a more efficient allocation of public investment in transport infrastructure.

“It allows an ageing population to shift closer to family and medical support leading to a more efficient allocation of land and health care resources.

“A switch away from stamp duty also offers a better use of land as it penalises low value use of land in areas with high land values.

“This isn’t to ignore the challenges of the reform, as they are significant, but in the case for abolition of stamp duty, the end justifies the means,” concluded Mr Reardon.

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