

**From:** David Singer

**Sent:** 17 March 2004 3:43 PM

**To:** [housing@pc.gov.au](mailto:housing@pc.gov.au)

**Subject:** Land tax

16 March 2004

**RE: FIRST HOME OWNERS INQUIRY**

Further to our submissions endorsing a land tax on all land in NSW to replace stamp duty on transfers and spread the current liability for land tax paid by only 300000 out of the 2.2 million properties in NSW, the following benefits, in addition to those outlined in my submissions, would flow if such a recommendation was introduced:

1. Housing affordability would open up to a lot of buyers who presently can't afford to buy a property because they do not meet the financial requirements to qualify for a sufficient loan to cover the amount of stamp duty to be paid.
2. In NSW the median price of a property is \$571000. Stamp duty on the purchase is \$21185. Even if this amount could be borrowed, the annual interest payable at 7% would be \$1483. This interest would probably be more than the land tax that would be payable by the owner annually if a land tax along the lines proposed by us in the following paragraph were applied. Our proposal is therefore revenue neutral to the purchaser of a property.
3. At present the NSW Government is collecting \$1.4 billion in land tax and \$4 billion in stamp duty. We estimate total rates revenue to be \$3 billion. If each property owner paid a land tax equal to twice the amount of council rates paid on his property, the Government would collect \$6 billion in combined revenue.
4. As the State was further developed and more properties were created eg by subdivision or by a house being demolished and 20 units built on the site, the State would have an ongoing growth in land tax revenue as the number of properties increased.
5. Our proposal based on council rates would have an inbuilt factor for at least CPI increases annually as presently applies with council rates.
6. Because the rating system imposes higher rates on commercial and industrial properties, these properties would bear a greater amount in land tax than private residences.
7. The ability to buy a property free of stamp duty would create a level playing field for purchasers.
8. Pensioners who don't pay council rates would be exempt from paying land tax.

9. Rents for the majority of commercial and investment properties could be substantially reduced, because the land tax was equitably distributed among all property owners.

10. There would be a level playing field between investment properties, since all would pay an equivalent amount of land tax, whereas previously one property might have paid land tax, whilst the property next door was land tax exempt.

11. Our tax is a progressive tax with properties paying lower council rates paying lower land tax than properties paying higher council rates.

12. Our proposal is simple and easy to administer and could be totally managed by local councils. They could be paid a collection fee equal to the cost in administrative savings currently employed to collect land tax and stamp duty, that we would estimate to be about \$50 million per annum. This money could be used for councils to improve facilities in their local areas.

We trust the above information will assist you in your deliberations.

Yours faithfully,  
David Singer  
David Landa Stewart  
Lawyers  
86 Bay St  
Broadway  
NSW.