

FOR IMMEDIATE RELEASE

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Property tax reform – the devil is in the detail

With the NSW Treasurer putting stamp duty up for review, The Property Owners' Association of NSW is calling for the abolition of both stamp duty and land tax, and replace it with a new low rate broad based tax.

“Stamp duty and land tax are both inefficient revenue systems that are inequitable and cause undesirable market distortion, so it’s definitely time the NSW Government finally takes a serious look at property tax reform,” said John Gilmovich, President of POANSW.

“Property tax reform has been badly needed in NSW for too long and is something POANSW has requested successive governments to implement for decades.

While industry bodies and government are now aligned in their view that property tax reform is essential, Mr Gilmovich warns that “as always, the devil is in the detail”.

The POANSW believes the few scarce details that have been released reveal a system that will be complex and problematic.

“The proposed system of variable rates based on property use would be an enforcement and administrative nightmare.

“The current proposal would see a shopkeeper who lives in a three bedroom apartment above his shop paying a different rate of property tax depending on whether he uses his third bedroom as an office or a sitting room.

“The Government is making a rod for their own back, with a system that will be costly, and almost impossible to administer or enforce,” said Mr Gilmovich.

The POANSW stands firmly against a proposed property tax system that fails to address the key problems driving the need for change in the first place.

“An ‘opt in’ stamp duty system as suggested by the government would lead to further market distortions, and the proposed tax rates would unevenly impact the people of NSW, leaving some property owners far worse off than they were before, and others significantly ahead.

“This is an opportunity for the state government to drive positive generational change, positioning NSW for future growth. It would be incredibly disappointing to see this opportunity wasted with the introduction of a new tax system that compounds existing problems and introduces new complexities and unnecessary additional operating costs.”

“The POANSW is available to work with the state government to develop a system that is fair, balanced, and encourages growth. Let’s hope the government embraces a collaborative approach, and can avoid compounding the problems that are already rife with the current system” said Mr Gilmovich.

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Background

The POANSW is a not for profit organisation established in 1951 to provide a voice for property owners and private landlords who provide residential rental properties to the NSW market. It provides a helpline, educational workshops, stakeholder submissions, Government lobbying and a range of other services for its members.