

****Under strict embargo until 30 November 2017 12:01am (AEST)****

Roadmap for property tax reform unveiled today at National Housing Conference

- New research from AHURI lays out a roadmap for breaking the political deadlock on reforming Australia's inefficient property tax systems
- Reform in this area will create a fairer and more sustainable housing system, improve affordability and deliver broader economic benefits
- New modelling of Australia's most comprehensive dataset shows most owners and first-time buyers will be better off under the proposed changes
- The 'Pathways to state property tax reform' report will be launched by lead researcher Professor Richard Eccleston, of the University of Tasmania, at the National Housing Conference today at 1.30 pm at Sydney's Convention Centre

Australian states and territories raised over \$40 billion dollars from property taxes in 2014–15. These subnational tax systems are complex and inconsistently structured. Differing stamp duties, tax rates, thresholds, and exemptions lead to reduced administrative and economic efficiency.

AHURI research has identified a pragmatic and incremental framework for reforming this complex and politically contentious area. The '[Pathways to state property tax reform](#)' report is the first to be published from the ongoing AHURI Inquiry 'Pathways to housing tax reform'. The Inquiry is establishing a viable, evidence-based strategy for breaking the political deadlock afflicting Australian housing tax policy and identifying reforms that balance political imperatives against technical policy objectives.

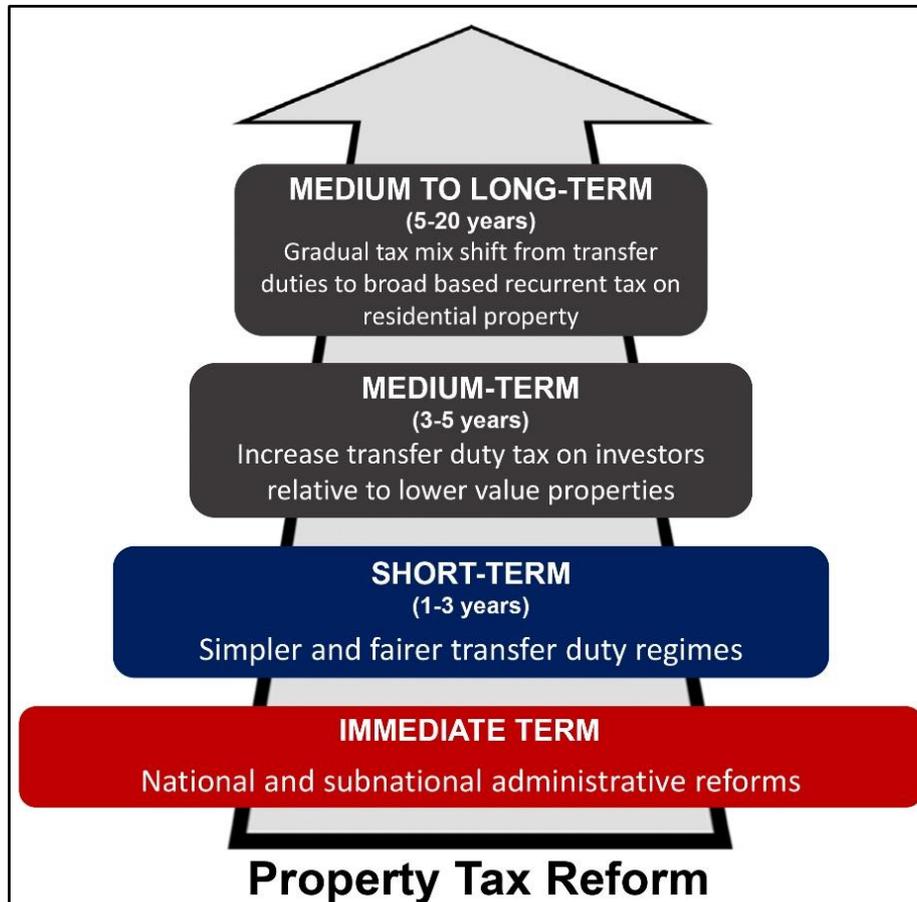
Key recommendations include:

- developing consistent valuation methods for residential property and establishing a national register of ownership, as well as further integration and sharing of data between all levels of government
- creating a single 6% transfer duty with a carefully designed, state-specific, duty-free threshold applied to all residential property transactions. This simplified duty system would shift the burden from owner-occupiers purchasing lower value properties toward investors and those purchasing high-value properties
- the longer-term, incremental replacement of property-related transfer duties with a broad-based recurrent property tax of between \$47–130 per annum for a median value dwelling, gradually increased to fund the abolition of transfer duties over a 10 to 20-year period
- the Commonwealth Government must play a key role through administrative support, incentive payments and the elimination of any disincentives associated with introducing a state-level broad-based property tax

The full report and its finding can be found here: <https://www.ahuri.edu.au/research/final-reports/291>

The report's recommendations are divided into immediate, short, medium and long-term, as outlined in the figure below

Figure 1: A pathway to subnational property tax reform



Lead author of the research, Professor Richard Eccleston from the University of Tasmania, said a slight tax increase for some households would be offset by greater overall benefits.

‘As with any base-broadening reform—especially if designed to be revenue neutral, as ours is—it is unavoidable that, over the longer term, some households will have to pay slightly more tax,’ Professor Eccleston said.

‘Yet the pathway to reform proposed in this report is designed to ensure that tax increases are very modest and fall on wealthier households. This is a small price to pay for a fairer and more sustainable housing system. It is essential that governments are transparent about this and promote the longer-term social and economic benefits of reform including housing affordability dividends and the fact that all homebuyers, including first home buyers, will benefit from lower prices in the future and those buying cheaper properties will pay reduced ongoing property taxes.’

Professor Eccleston will present the findings of the report at the [National Housing Conference](#) at 1.30 pm today in Sydney today, 30 November 2017.

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