

MEDIA RELEASE

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STAMP DUTY DAMAGES HOUSING AFFORDABILITY

A new report rightly identifies stamp duty as an inefficient tax that damages housing markets and should serve as a wake-up call to state governments, according to the Urban Development Institute of Australia.

UDIA National – the nation’s peak body representing the property development industry – has welcomed the new analysis from the National Housing Finance and Investment Corporation report released today.

“We have long known that stamp duty is a major barrier to home ownership and makes the savings challenge for homebuyers more onerous,” said UDIA National President, Simon Basheer.

“Homebuyers in our capital cities are now wearing stamp duty bills ranging from \$20,000 to over \$40,000 based on median house prices.

“What the new research makes clear is that stamp duty is a dead weight on the economy, reduces the efficient use of available housing stock by disincentivising sales and leaves governments dependent on a volatile tax.

“UDIA National welcomes the focus on alternatives such as a switch to broad-based land taxes – even though the report is correct to identify the critical need to get transitional arrangements right.

“Unfortunately, too many state governments have become addicted to stamp duty and been too reluctant to contemplate difficult reform options – with the exception of NSW which has continued the potential to give people the choice between land tax and stamp duty, or an annual property tax.

“Given the complex nature of the tax system impacting property, a holistic tax reform agenda is the most likely path to an overhaul of stamp duty; but in the meantime, states need to start acknowledging the costs on homebuyers and the economy from transfer duties.

“Removing stamp duty will have the benefit of reducing barriers to home ownership, make it easier for people to move up and down the market as they raise families and get older, and provide an overall economic dividend.”