



## TAX ON HOUSING – HOW MUCH IS ENOUGH?

Despite a nationwide slowdown in the property market, governments continue to gouge more and more revenue from residential property.

The recently released ABS report titled “Taxation Revenue” shows that in the 2004-05 year, total property tax revenue (including tax on commercial premises) for all levels of government reached \$24.1 billion.

For residential property, the combined revenue from council rates, land tax and stamp duty has continued its upward trend, reaching an estimated \$15.1 billion – up \$105 million on 2003/04.

Australia’s peak building industry body HIA said that the combination of bracket creep and higher than CPI increase in council rates, have pushed housing out of reach for tens of thousands of families on middle to low incomes and kept the squeeze on family budgets.

HIA’s Executive Director of Housing and Economics, Mr Simon Tennent said that while State Governments have been complaining about falling property revenues, the latest figures for housing show that revenue has increased.

“These figures are entirely consistent with the recent Warburton-Hendy report which despite revealing that Australia was a low tax country overall, went on to clearly demonstrate Australia’s very poor record on property and transaction taxation,” Mr Tennent said.

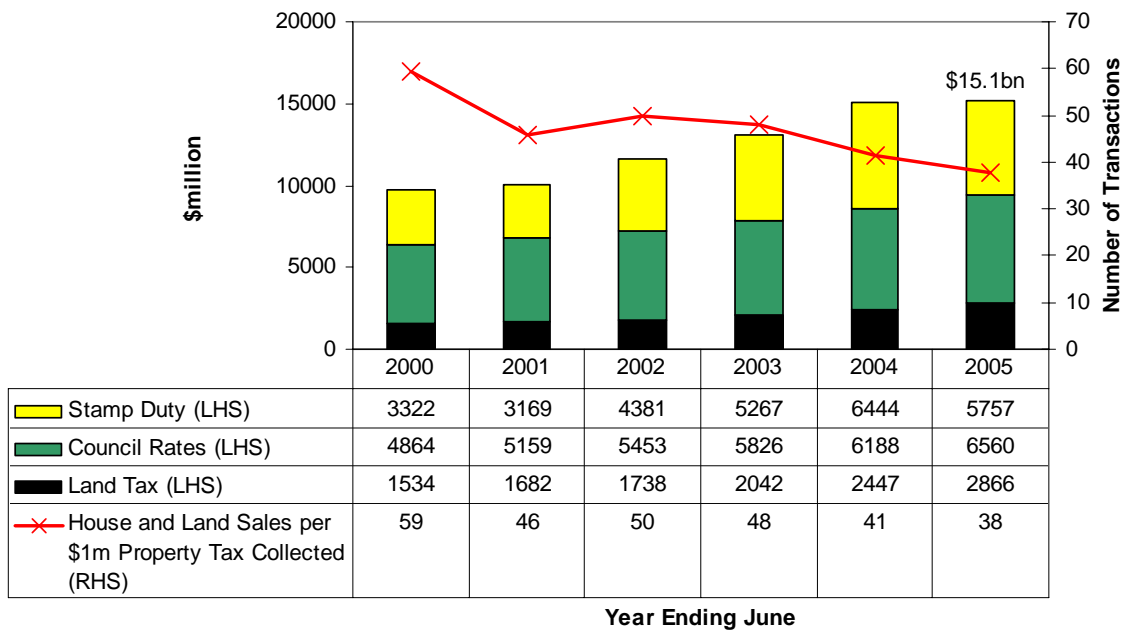
“When comparing the levels of property transactions to the ABS figures, the number of property transactions per \$1m of tax revenue has plummeted from 59 in the year 2000 to only 38 in 2005,” Mr Tennent said.

With housing affordability stuck at near record lows, to be labelled the highest stamp duty taxing nation in the world is not only unacceptable, but highlights the need for urgent reform,” he added.

“In particular, immediate reforms to the tax treatment of newly built housing would reduce prices by between \$20,000 and \$50,000 by removing the compounding effect of stamp duty, and removing the insidious charges for community and transport infrastructure.”

“With the benefit of stronger than expected GST revenue, there is clearly scope for governments to reduce their reliance on property taxes which would have immediate and measurable flow on effects by improving housing affordability, and putting a stop to the fall in homeownership rates among the key 25-39 year old age group,” he added.

### The National Housing Tax Windfall, 2000-2005



**Further information:**

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