



BURDEN FOR HOME OWNERS

Taxing times in NSW

HOME owners in New South Wales are being burdened by rising taxes and charges on property, despite a slowdown in the housing market, a key industry body says.

The Housing Industry Association (HIA) estimates combined state and local government revenue from council rates, land tax and stamp duty on residential and commercial property reached \$5.3 billion in 2004/05.

That is about 28 per cent or \$1.5 billion higher from five years ago, the HIA found after examining the latest available taxation revenue figures from the Australian Bureau of Statistics.

"Revenue from council rates has gone up by six per cent over

the 2004/05 financial year, which we think is unjust," said HIA economist Simon Tennent.

"Land tax rates have also gone up, while the thresholds for land tax has gone down."

The combination of rising stamp duties, council rates and land taxes was also making housing less affordable for low to middle income earners.

The median house price in NSW has risen to \$550,000 from \$295,000 in 2000, according to the HIA's own data.

And the average NSW home owner now pays 4.5 per cent stamp duty for a home valued between \$300,001 and \$1 million, versus 3.5 per cent for a home valued between \$80,000 and

\$300,000 just a few years ago.

"In a very short space of time the majority of NSW properties

are now in this higher stamp duty bracket," Mr Tennent said.

"Something as simple as one per cent extra stamp duty across tens of thousands of properties has brought substantial windfall gains to the government."

The HIA said property taxes were a burden which had negative social and economic consequences.

"At a time where affordability in NSW is near record low - and Sydney is the most unaffordable city by a country mile - there are clear negative economic effects of that," said Mr Tennent.

