

Hon Michael Ferguson MP
Minister for Finance

Response to petition

Petition number: LC 39-21
21/250475

Urgent reform of state property taxes - Land Tax and Conveyance Duty (Stamp Duty)

To: The Honourable the President and Members of the Legislative Council

On 26 October 2021, an e-petition was presented to the Legislative Council by the Hon. Rob Valentine calling for a comprehensive review of Tasmania's property related taxes, including conveyance duty, land tax and duty on property insurance.

Government's position

The Government recognises that there are challenges in our housing market. That is why we are continuing to provide targeted action to support home ownership.

The Premier announced a range of measures in the 2022 State of the State address which extend or expand a number of existing measures.

The 50 per cent duty concession, which is available for eligible first home buyers and pensioners who downsize their home, will be continued for a further 12 months until 30 June 2023. The conveyance duty thresholds for these concessions will be increased from \$500 000 to \$600 000 which will increase the maximum value of this concession to over \$11 000.

The First Home Owner Grant (FHOG) is to be retained at \$30 000 for a further 12 months until 30 June 2023.

Changes to the HomeShare scheme, which will now be titled the Housing Market Entry Program, will make it easier to save for a deposit and make loan repayments more affordable. The HomeShare scheme is a shared equity product. It will help by reducing the ongoing costs of owning a home because the costs are shared with the Director of Housing.

The Director of Housing's equity contribution will increase to a maximum of \$200 000 or 40 per cent of the purchase price for purchasers of new homes or house and land packages.

Eligible home buyers will also be able to buy existing homes with up to \$150 000, or 30 per cent, of the purchase price available in assistance.

The Government has also introduced stricter controls on foreign purchase and ownership of land to level the playing field for Tasmanians wishing to purchase property. The Foreign Investor Duty Surcharge requires foreign investors to pay a duty surcharge of eight per cent on residential property and 1.5 per cent on primary production property on purchase.

The Government has also announced its intention to introduce a two per cent Foreign Investor Land Tax Surcharge on residential properties. The surcharge will bring Tasmania's land tax arrangements into line with other States that have implemented similar surcharges.

The Government continually monitors the effectiveness of its housing affordability measures in order to make appropriate changes to such policies as required.

For that reason, the Premier announced in the State of the State Address on 1 March 2022 that the Government will again reset land tax thresholds, doubling the tax-free threshold to \$100 000 meaning no land tax will now be paid on land valued under \$100 000. The Government also announced it would lift the upper tax threshold to \$500 000 and lower the tax rate for land valued between \$100 000 and \$500 000 from 0.55 per cent to 0.45 per cent.

Combined with the changes the Government made last year to the land tax thresholds, it will provide approximately \$220 million of tax relief for property owners over the next four years.

Tim Ferguson
21 March 2022