



## Taxation and Tax on Housing

### Policy Background

- With high structural budget deficits and an ageing population, Australia is faced with an urgent need for economic reform. This is occurring with the backdrop of a disconnect between the constitutional responsibility of the various levels of government for service delivery and the capacity to efficiently raise revenue.
- There is a significant risk that in the absence of progress on economic reform, Australia will experience declines in real per person income and subsequent erosion in our standard of living.
- Central to this reform process is the need to address the inequitable and inefficient burden of taxation on housing.
- Shelter is a staple of life. Without appropriate shelter, individuals are unable to participate in the economy and society to their full potential. However, housing affordability challenges are impacting increasing numbers of individuals and families. One of the major problems is the level of taxation on housing.
- Research commissioned by HIA demonstrates that up to 44% of the final price of a capital city house and land package can be taxes and levies that are charged by the various levels of government.
- Reform of the Australian taxation system must consider the impact on housing supply and affordability.

### HIA's Policy Position on Taxation and Tax on Housing

1. HIA continues to advocate a restructuring of the GST so that (effectively) new housing construction is exempt.
2. HIA opposes any increase to the GST rate unless new house construction is exempt.
3. HIA advocates that the application of GST to new housing construction and existing housing is similar.
4. HIA continues to advocate the removal of inefficient and inequitable taxes such as stamp duty and payroll tax on new housing construction.
5. HIA advocates the replacement of stamp duty applied to new housing construction and payroll taxes with broad based community taxes.
6. HIA advocates that in any substitution of stamp duty with other taxes, a transitional arrangement apply so as not to disadvantage those who have already paid stamp duty.