



17 March 2021

NSW Treasury
52 Martin Place
Sydney, NSW 2000

Submission: Buying in NSW, Building a Future Consultation Paper

Thank you for the opportunity to provide input into the discussion paper: *Buying in NSW, Building a Future Consultation Paper*.

As the peak body representing people over 50 in NSW, we conduct community consultations and surveys on a regular basis that highlight the issues that are of importance to older people. It has become apparent through this engagement that many older people are reluctant to downsize or move due to the costs of moving, including the often considerable stamp duty imposts. As articulated within the discussion paper, older people often remain in unsuitable housing due to the high transaction costs associated with moving. The introduction of stamp duty reform is an important step in reducing those up-front costs for older people wishing to 'downsize' into another property.

COTA NSW broadly supports the introduction of stamp duty reform, with further comment about aspects of the proposed reform framework outlined below:

1. COTA NSW has long argued for changes to the imposition of Stamp Duty tax, particularly as a disincentive for older people to move to more suitable and accessible housing. As recently as our 2019/2020 Pre-Budget Submission we advocated for the introduction of reduced stamp duty on properties that meet Gold Livable Housing Design standard. We support the phased in opt-in approach of a broad-based annual property tax to reduce the up-front costs of moving for many older people.
3. Analysis by Canstar indicates that for homeowners remaining in a property for approximately 15 years or greater (based on \$700,000 property value), the payment of an upfront stamp duty tax is more economically than opting in for the annual property tax. However, for those who are downsizing into their final property and estimate that they will reside there for a shorter time frame, then the annual property tax is potentially a better financial choice. COTA NSW suggests the development of an online calculator that will enable buyers to enter the purchase price of their home and potential years before sale to enable them to select the best tax option for their financial and life circumstances.
4. COTA NSW strongly supports an opt-in approach as the fairest way of transitioning the new property tax framework. This will ensure that older people that are purchasing a property and envisage that they will be residing there for a long period of time – have the option of selecting the lump-sum method so as to not be financially disadvantaged. The option to select the annual land-tax fee is still available for those that foresee a shorter period in that property.



10. COTA NSW supports the proposal for hardship provisions whereby a homeowner is unable to pay the property tax and agree that for the sake of simplicity and efficiency that the scheme should be broad and based on financial circumstances and not specific groups.

Thank you for the opportunity to provide comment.

Regards,

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