

# Media Release

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## Stamp Duty Should be replaced by More Efficient Taxes

The introduction of more efficient taxes, such as a broadened GST or land tax, will help provide states and territories with the necessary revenue to phase out inefficient and damaging taxes such as stamp duties, says the peak body representing Australia's development industry.

The Urban Development Institute of Australia (UDIA) is calling on both state and federal governments to use the upcoming Leader's Summit as an opportunity to work together on the tax and federation reform that Australia needs.

UDIA National Vice President Michael Corcoran said that inefficient and economically damaging taxes such as stamp duty were holding back Australia's productivity, economic growth, and jobs in the development and construction industries.

"Stamp duties are well known to be among the least efficient and most economically damaging taxes available to governments," he said. "They lock people into housing that may not suit their needs, and can limit access to employment by discouraging people to move for work."

"This has real impacts on the Australian economy and productivity, by preventing efficient allocation of Australia's dwelling stock, reducing labour mobility, and worsening congestion as individuals are forced to commute long distances."

"Releasing the burden of stamp duty at the point of purchase with a broad based, low rate land tax will give homebuyers the opportunity to spread the cost burden over time and give the States much needed and stable revenue to support responsible growth"

However UDIA has cautioned against raising the rate of the GST, which could raise the cost of new housing substantially at a time when housing affordability is a major concern.

"At the current GST rate of 10%, a new home sold at Australia's median dwelling price of \$571,500 already includes a GST component of \$51,955, which existing homes are not subject to."

"Increasing the GST by just a few percent could result in tens of thousands of dollars in additional tax on new homes, which would push up prices further and reduce the supply of new dwellings"

“Given the current state of housing affordability in Australia’s capital city markets, a higher GST is a tax increase that new home buyers simply cannot afford to wear,” concluded Mr. Corcoran.

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