

# Media Release

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## Peak Developer Body Condemns Inefficient Taxes

The peak body representing Australia's urban development industry has called for a major shakeup of Australia's tax system.

In its submission to the Federal Tax White Paper process the Urban Development Institute of Australia (UDIA) has called for a shift in the composition of the tax system away from inefficient and damaging taxes such as stamp duty and large up front developer levies on new housing, to efficient taxes such as broadened GST, and a broad, low rate land tax.

UDIA National President Cameron Shephard said that given the challenges facing the economy government budgets, and housing affordability, Australia could not afford inaction on tax.

"A great deal of Australia's economic potential is being held back and squandered by a tax system that has failed to keep up with the times" he said.

"Inefficient taxes and charges are dragging on economic growth and productivity, holding back jobs, and worsening Australia's housing affordability crisis."

"Stamp duties are well known to be among the least efficient and most economically damaging taxes available to governments, and there is strong and growing consensus across the community about the need for governments to replace them with something better," said Mr Shephard.

"They reduce labour mobility and productivity by locking people into a certain location, and along with other high up front taxes and charges, reduce housing affordability and the supply of new housing.

"In contrast, the GST and taxes on the value of land are widely recognised as being much more efficient from an economic perspective, particularly when applied across a broad base."

"Phasing out stamp duty in favour of a broader based GST, and broad based, lower rate land taxes could deliver real dividends for economic growth and productivity, and housing affordability and supply."

"Now, more than ever before, is the time for Governments to act on tax reform," concluded Mr. Shephard.

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## **UDIA Submission to the Federal Tax White Paper Process – Summary of Recommended Actions**

UDIA makes the following key recommendations in relation to Australia's tax system:

- 1. Broaden the base of the GST to improve tax system efficiency, with the additional revenue used to replace inefficient taxes.*
- 2. The rate of GST should not be increased, as a higher GST rate would have a major negative impact on housing affordability.*
- 3. Exclude state and local government taxes and charges from GST calculations on land development, to reduce double taxation and improve tax system integrity.*
- 4. Existing tax arrangements in relation to negative gearing and the capital gains tax should not be changed, to maintain tax consistency and support investment in the property industry.*
- 5. Stamp duty on property purchases should be phased out, and replaced with more efficient taxes.*
- 6. Governments should avoid revenue raising through the application of up front developer charges, and should seek to fund infrastructure through recurring charges directly related to specific infrastructure investment, over extended time frames.*
- 7. Governments should commit to broadening the base and reducing the rate of land tax regimes, as an efficient way to raise revenue and reduce reliance on up front developer charges.*
- 8. Governments should ensure land taxes apply per land holding, not on an aggregate basis, in order to promote large scale land development.*

To download UDIA's full submission, please click [here](#).