

## **Lodged by email**

[TaxReformTaskforce@treasury.nsw.gov.au](mailto:TaxReformTaskforce@treasury.nsw.gov.au)

15-3-2021

## **NSW Stamp Duty Reform – Consultation Paper**

### **Introduction**

Cotton Australia is the national peak body representing Australia 1400 cotton growers and ginners. In New South Wales (NSW) our growers are located from the NSW/Victorian Border, to the NSW/Queensland Border, primarily within the following river valleys – Murray, Murrumbidgee, Lachlan, Macquarie, Namoi, Gwydir and Border Rivers.

As an industry we strive to be Viable, Value and Advanced.

### **General Comments**

Cotton Australia has reviewed the discussion paper, and sought input from a cross-section of our growers.

Cotton Australia is in principle supportive of further development of the proposal to provide property purchasers with a choice between an upfront cost of stamp duty on property purchase and an annual property tax.

It is well recognised that the need to pay a large stamp duty payment is one of the major upfront costs of property purchase, and a significant disincentive to trade properties on a “regular” basis.

This can lead to a situation where landholders hold onto property that may not be “ideal” for their businesses, simply to avoid paying out the stamp duty that would be incurred when purchasing a replacement property.

In assessing whether an upfront Stamp Duty payment, or an Annual Property Tax is best for an individual or business, further detail is required.

The following is additional information Cotton Australia would require before being able to provide definitive support or otherwise for the proposal. In some cases, Cotton Australia suggests an alternative approach.

#### **COTTON AUSTRALIA LIMITED**

Head Office Suite 4.01, 247 Coward St, Mascot NSW 2020 Australia

Phone + 61 2 9669 5222 Fax +61 2 9669 5511

Brisbane Level 3, 183 North Quay, Brisbane QLD 4000

Toowoomba Unit 3, 6 Rutledge St, Toowoomba QLD 4350

Narrabri Level 2, 2 Lloyd St, Narrabri NSW 2390

ABN 24 054 122 879

[www.cottonaustralia.com.au](http://www.cottonaustralia.com.au)

***The Property tax will be an annual tax on land value.***

It is noted that this would work similar to Council rates. Does this mean that the amount of land tax will vary from year-to-year in response to land valuations, or will the rate be set at time of purchase, and remain at that rate until the property next changes hands?

***Buyers will be given the choice of which tax to pay.***

It appears that the choice will only be available to the first purchaser after the reform commences (or at least the first purchaser who opts for the annual tax). Is that the case? If so, Cotton Australia respectfully suggests that each subsequent purchasers should also have the right to choose between Stamp Duty and an annual tax. Each purchaser will have their own business plan, and an expectation on how long they are likely to retain a property. A subsequent purchaser who expects to hold a property for life, is much more likely to want to pay a one-off stamp duty, compared to a buyer that expects to trade property numerous times.

**Balanced Rates**

Greater detail is required on how the proposed rates have been calculated. Cotton Australia supports a differential rate for primary producers. As discussed above, it is important to know when and how the unimproved land value will be calculated.

**Price thresholds will help maintain fiscal responsibility**

Greater detail is required on the price thresholds in particular for primary production properties. It is not uncommon now for even relatively modest farms, capable of adequately supporting one family, to sell for in excess of \$3-5 million. Thresholds would have to be set with this in mind, if the proposal was to be taken up by any primary producers.

**Conclusion**

Cotton Australia looks forward to engaging further with the NSW Government on this reform. For further information on this brief submission, or to respond, please contact – Cotton Australia General Manager, Michael Murray – 0427 707868 – [Michaelm@cotton.org.au](mailto:Michaelm@cotton.org.au) .

**Submission ends**

**COTTON AUSTRALIA LIMITED**

Head Office Suite 4.01, 247 Coward St, Mascot NSW 2020 Australia

Phone + 61 2 9669 5222 Fax +61 2 9669 5511

Brisbane Level 3, 183 North Quay, Brisbane QLD 4000

Toowoomba Unit 3, 6 Rutledge St, Toowoomba QLD 4350

Narrabri Level 2, 2 Lloyd St, Narrabri NSW 2390

ABN 24 054 122 879

[www.cottonaustralia.com.au](http://www.cottonaustralia.com.au)