

LABOR LAND TAX POLICY

REAL REFORM & A FAIRER SYSTEM



Tasmanian
Labor 
Working For Tasmanians

INTRODUCTION & SUMMARY

A Rebecca White Labor Government will deliver big land tax cuts for all land taxpayers with holdings of up to \$3 million, with a particular focus on shack owners, 'mum and dad' investors and landlords in the lower and middle tiers of the rental market.

Labor's plan will make the land tax system fairer and place downward pressure on rents. And Labor's land tax cuts are up to four times greater than those already announced by Peter Gutwein.

Labor will:

- ✔ Abolish land tax at \$100,000 and below
- ✔ Cut land tax by 60% between \$100,000 - \$150,000, by 40% between \$150,000 - \$350,000, by 35% between \$350,000 - \$500,000 and by 20% between \$500,000 - \$1 million
- ✔ Introduce a 2.2% surcharge for foreign landowners
- ✔ Reduce land tax for more than 99.5% of Tasmanian land tax accounts

The total net cost of Labor's policy is \$7.5 million.

DETAIL OF LAND TAX CUTS

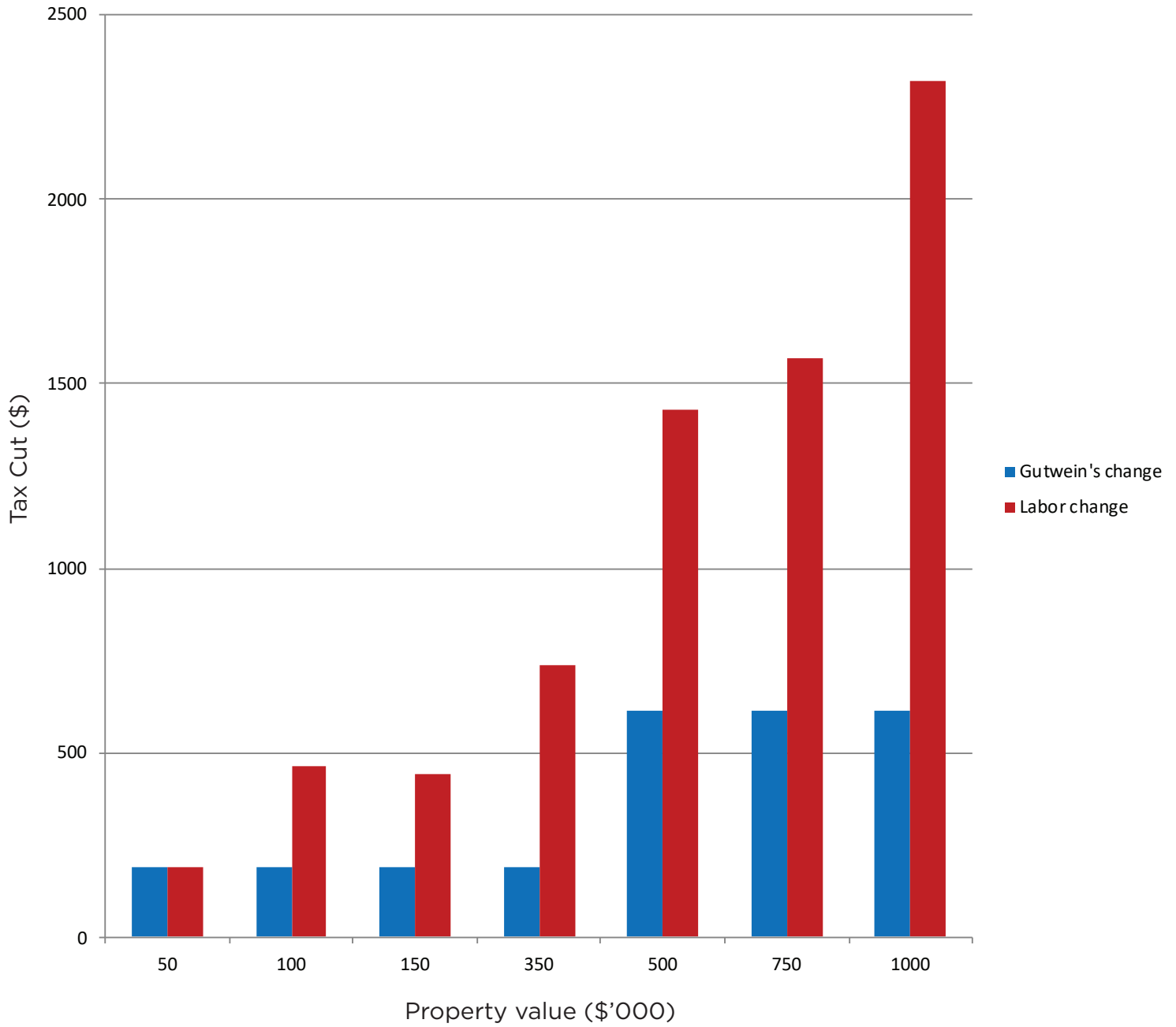
Labor's tax cuts deliver between \$188 and \$2318 per year and are between two and nearly four times larger than the Gutwein cuts - *see Table 1 and Graph 1*. This eases cost of living pressures on small land owners and provides incentives for medium scale property investors to cap or reduce rental increases.

TABLE 1

LAND VALUE (\$)	TAX PAYABLE PER PERSON	LABOR CHANGE (\$)	GUTWEIN CHANGE (\$)	DIFFERENCE (\$)
50,000	\$187.50	-\$188	-\$188	\$0
100,000	\$462.50	-\$463	-\$188	-\$275
150,000	\$737.50	-\$443	-\$188	-\$255
200,000	\$1,012.50	-\$405	-\$188	-\$217
250,000	\$1,287.50	-\$515	-\$188	-\$327
300,000	\$1,562.50	-\$625	-\$188	-\$437
350,000	\$1,837.50	-\$735	-\$188	-\$547
400,000	\$2,587.50	-\$906	-\$613	-\$293
450,000	\$3,337.50	-\$1,168	-\$613	-\$555
500,000	\$4,087.50	-\$1,431	-\$613	-\$818
600,000	\$5,587.50	-\$1,118	-\$613	-\$505
700,000	\$7,087.50	-\$1,418	-\$613	-\$805
800,000	\$8,587.50	-\$1,718	-\$613	-\$1,105
900,000	\$10,087.50	-\$2,018	-\$613	-\$1,405
1,000,000	\$11,587.50	-\$2,318	-\$613	-\$1,705
1,500,000	\$19,087.50	-\$613	-\$613	\$0
2,000,000	\$26,587.50	-\$613	-\$613	\$0
2,500,000	\$34,087.50	-\$613	-\$613	\$0
3,000,000	\$41,587.50	-\$613	-\$613	\$0

GRAPH 1

Tax cuts: Labor vs Liberal



60,000 land tax accounts will have their tax abolished and over 150,000 land tax accounts will have cuts ranging between \$450 and \$2300 per year.

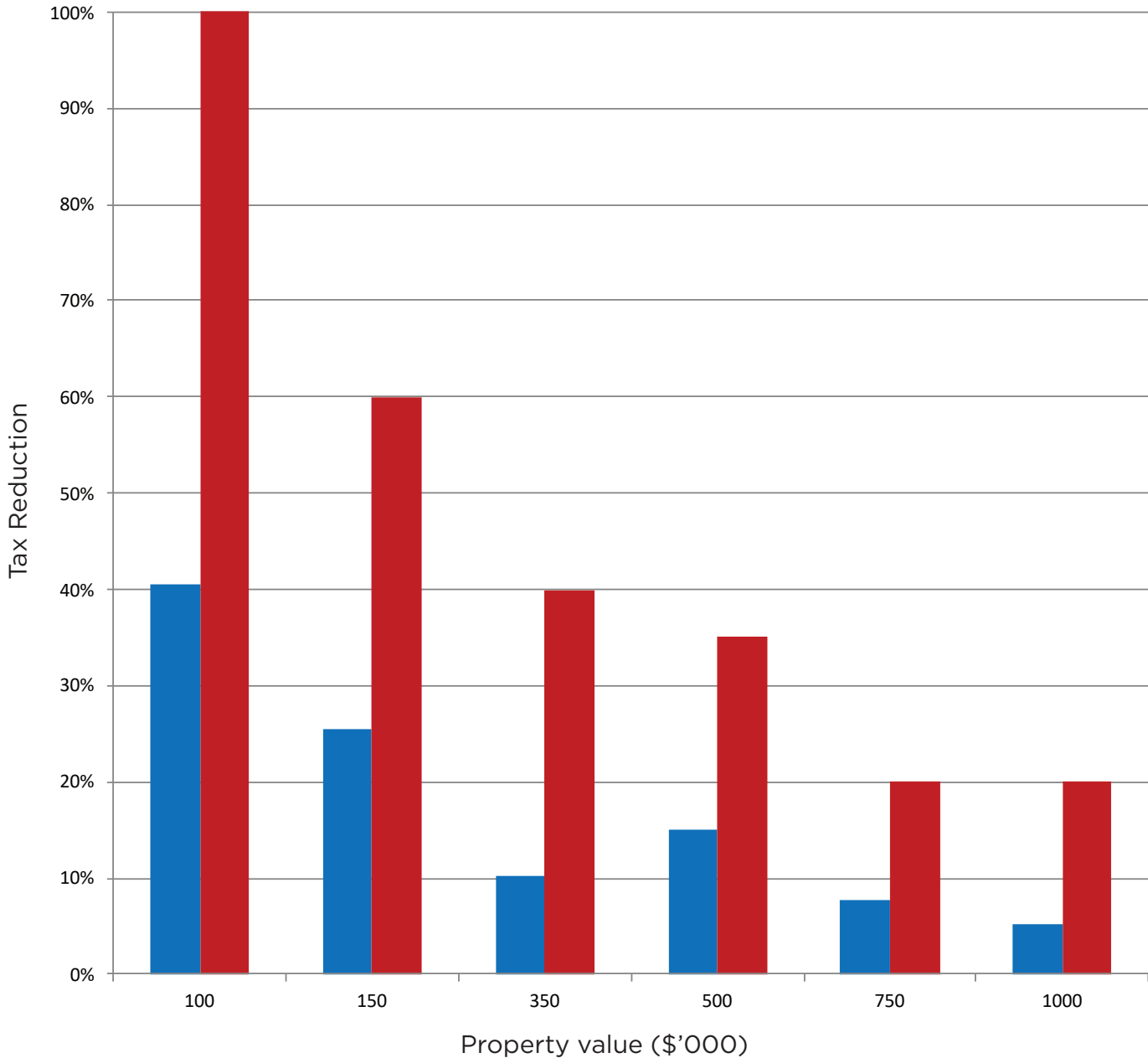
Labor's changes are fair. The biggest percentage cuts are at lower land values and effective land tax rate cuts are greater for small landholders. But everyone except landowners above \$3million gets a cut in the effective land tax rate - *see Table 2 and Graph 2.*

TABLE 2

LAND VALUE (\$)	LABOR EFFECTIVE TAX RATE	GUTWEIN EFFECTIVE TAX RATE	DIFFERENCE
50,000	0.00%	0.00%	0.00%
100,000	0.00%	0.27%	-0.27%
150,000	0.20%	0.37%	-0.17%
200,000	0.30%	0.41%	-0.11%
250,000	0.31%	0.44%	-0.13%
300,000	0.31%	0.46%	-0.15%
350,000	0.32%	0.47%	-0.16%
400,000	0.42%	0.49%	-0.07%
450,000	0.48%	0.61%	-0.12%
500,000	0.53%	0.69%	-0.16%
600,000	0.75%	0.83%	-0.08%
700,000	0.81%	0.92%	-0.11%
800,000	0.86%	1.00%	-0.14%
900,000	0.90%	1.05%	-0.16%
1,000,000	0.93%	1.10%	-0.17%
1,500,000	1.23%	1.23%	0.00%
2,000,000	1.30%	1.30%	0.00%
2,500,000	1.34%	1.34%	0.00%
3,000,000	1.37%	1.37%	0.00%
4,000,000	1.77%	1.40%	0.37%
5,000,000	1.79%	1.42%	0.37%
6,000,000	1.80%	1.43%	0.37%
7,000,000	1.81%	1.44%	0.37%
8,000,000	1.82%	1.45%	0.37%
9,000,000	1.83%	1.46%	0.37%
10,000,000	1.83%	1.46%	0.37%

GRAPH 2

Labor vs Liberal (% tax reduction)



To help offset the tax cuts, land holders above \$3 million will pay a bit more – on average an increase of .37% in the effective tax rate – to help offset the cost of the land tax cuts.

And foreign land owners will pay a 2.2% surcharge – a measure which will encourage more local ownership and raise revenue to reduce land tax for more than 99.5% of Tasmanian land tax accounts. Labor will exempt agricultural land from the foreign ownership surcharge.

BILL SHOCK

Labor will introduce a system of simultaneous land valuation and land tax liability advice to minimise bill shock, and will provide an option for the payment of land tax in monthly instalments. **And we will remove the 2% penalty charge on late payments.**



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