

Buyers get ready for stamp duty change

PROPERTY

BY JADE LAZAREVIC

FIRST home buyer Jami Whitton of Hamilton North says stamp duty has been an extra hurdle in her efforts to save to get into the property market.

She said the cost of stamp duty had "absolutely" prolonged her entry into the property market.

"It's like getting to the finishing line and realising you still have one lap to run," she said.

So she cautiously welcomed the move that will see first home buyers with a budget of \$1.5 million or less being able to pay an annual property tax rather than stamp duty from this weekend.

Ms Witton said the prospect of not paying stamp duty was appealing as a first home buyer, however, she is concerned about how the rising cost of living could affect her decision to opt to pay an annual land tax.

"I have given this a lot of thought and I'm still torn," Ms Whitton said.

"With the cost of living on the rise, I'm worried than an additional annual tax on what I would already be paying on my future mortgage might not be realistic.

"On the other hand, the large upfront cost of stamp duty is scary for someone purchasing their first home.

"If inflation wasn't so high at the moment, it would be a no-brainer."

First home buyers now have the option to pay a land tax for properties under \$1.5 million and pay an annual levy of \$400 plus a 0.3 per cent tax on the value of their land, rather than an upfront



Jami Whitton believes the changes to stamp duty laws are a step forward for first home buyers such as herself.

one-off cost. The changes are designed to reduce the time it takes to save for a deposit.

Newcastle buyers agent Nigel Watts from Niva Property said the change is positive news for first home buyers but warned that individuals should consider their circumstances first.

"I think this is a great move by the government but each party should consider the tax options based on their own circumstances and make

an informed decision, Mr Watts said.

"The main issue I see with the annual tax is the unknown costs into the future.

"The tax percentage could change and an owner could end up paying more tax over the very long term."

Premier Dominic Perrottet has insisted the reform will allow first home buyers to make a decision to suit their own financial circumstances.

"This will enable young people particularly to get into the housing market faster, to have their wealth grow with them," Mr Perrottet said.

Property developer lobby Urban Taskforce called for the federal government to work to ditch "highly inefficient" stamp duty nationwide.

Labor was vehemently opposed to the scheme, calling it a "Trojan horse" to introduce a broad-based land tax

on families, that will steadily increase over time, vowing to repeal the legislation if it wins government at the March election.

Greens MP Abigail Boyd criticised both parties for their approach to the bill, and proposed it not come into effect until after the election.

"It seems like an incredible waste of time and money, as well as creating huge uncertainty for first home buyers, if we allow this," she said.