



HIA Stamp Duty Watch

TYPICAL
STAMP DUTY
BILLS

ALL STATES
AND
TERRITORIES

EFFECTS
OF STAMP
DUTY ON
HOUSEHOLD
WEALTH

THE BURDEN
OF STAMP
DUTY

The latest developments in stamp duty on home purchases

Summer 2016

AUSSIE FAMILIES HIT FOR \$1,200

Yearly by Stamp Duty

Stamp Duty Watch examines latest developments in stamp duty on home purchase in each of the states and territories. The report compares the typical stamp duty bill across the states and territories, the burden of stamp duty and the effects of stamp duty on household wealth across each of the jurisdictions.

HIGHLIGHTS:

- Over the year to November 2016, the median dwelling price increased by 5.5 per cent with the average stamp duty bill rising by 7.4 per cent;
- During November 2016, the state weighted average stamp duty bill on median priced homes around the country increased to \$19,970 from \$18,587 in November 2016.
- In November 2016, stamp duty on the median price home was clearly the highest in Victoria (\$28,538), followed by NSW (\$24,965) and the NT (\$20,805). The lowest stamp duty charges continued to be in Queensland (\$6,825) and Tasmania (\$9,135).
- As a proportion of a typical dwelling price, the stamp duty burden is now the most onerous in Victoria (5.1 per cent), followed by the Northern Territory (4.5 per cent) and South Australia (4.1 per cent). Queensland continues to have the lowest stamp duty burden by a large margin (1.5 per cent).
- As most buyers rely on borrowing to purchase their home, an immediate impact of stamp duty is to force buyers to borrow more. Nationally, the tax adds about \$1,200 to annual mortgage repayments, equivalent to \$100 per month. The additional monthly mortgage repayments are highest in Victoria (\$143), followed by NSW (\$125) and the NT (\$104). The lowest stamp duty costs are in Queensland, but the tax still adds \$34 per month to mortgage repayments on the median price home.

Background

The HIA Stamp Duty Watch report for Summer 2016 provides a summary of the typical stamp duty costs on the purchase of a home in each of Australia's eight states and territories. Within most jurisdictions, there is significant variation in the stamp duty bill depending on the characteristics of the buyer (first home buyer, other owner occupier, domestic/foreign investor, age, etc.) and whether or not the dwelling is newly built.

Accordingly, the 'typical' stamp duty bills in this report relate to the purchase of a median-priced existing home for owner occupation by a non-First Home Buyer. Based on market prices and tax policies during November 2016, the average stamp duty bill nationally was \$19,970, which adds another 3.8 per cent to the cost of home purchase. Over the past 12 months, the typical stamp duty

bill has increased by 7.4 per cent from \$18,587 in November 2015. The increase in the typical stamp duty bill over this period was strongly influenced by the 5.5 per cent rise in the national median dwelling price over the year. However, the structure of the tax means that increases in dwelling prices result in a disproportionately large hike in stamp duty costs.

The previous edition of the HIA Stamp Duty Watch report was based on prices and policies during June. In terms of the absolute size of stamp duty bills, the state-by-state ranking is unchanged: stamp duty bills are largest in Victoria, followed by NSW and the NT. By a very wide margin, home buyers in Queensland face the lowest stamp duty costs, followed by Tasmania and Western Australia. Over the past year, the typical stamp