

**Submission
No 110**

INQUIRY INTO LAND VALUATION SYSTEM

Name: Mr Allan Bligh

Date Received: 15/03/2013

15 March 2013

Joint Committee on the Office of the Valuer General
Parliament House
Macquarie St
Sydney NSW 2000

Dear Sirs

The opportunity to contribute to your hearing on Land Tax is appreciated.

Having read your briefing synopsis, it is obvious that at 12% of the revenue is too large to divest but seen from our side of the fence, where we run a rental business, it is a double tax that others don't have to pay to run their businesses. Our view may be simplistic but NSW Land Tax is our largest business cost and it hurts to pay such a large amount over and above our obligations to the Commonwealth plus the other taxes described variously as Council Rates and Sewerage levy.

Moreover, its furtiveness is objectionable as you would well know that this business cost, in one way or another, has to be passed on to and recovered from the tenant.

Now most tenants in the Eastern Suburbs see through this hidden tax on their rental accommodation, where once it could be inferred that rent increases arising from Land Tax were as a result of landlord greed, now the tenants are better educated and business erudite. The secrecy arising from the tax's single recipient actually plays out against the government as any rent increase around February can be sheeted to Land Tax.

Distrust is also shown in the common view in the Eastern Suburbs by many owners and tenants that the Valuer General uses beach and bay side property price increases to drive up price estimates or more prosaic properties further inland at say, Randwick and Maroubra Junction.

As no improvement cost is deductible from land tax, the tax acts as a barrier to property improvements or property proliferation in NSW. Our view is that at 26 rental units, we run a business not an "investment" and so we see the Land Tax as a second tax on our enterprise with GST coming in as a third tax for we cannot claim it back.

There may be some justification for a tax on unused or unoccupied “surplus” dwellings but if the domestic rental industry is to be taxed twice then let it be on rental turnover with a repair offset. It at least would give the tenant a sense of “belonging” to the community.

Thank you for receiving this submission.

Regards
Allan Bligh



15 March 2013

Joint Committee on the Office of the Valuer General
Parliament House
Macquarie St
Sydney NSW 2000

Dear Sirs

Submission 2 : The “Luxury” Surtax

Having recently received our Land tax assessment for our domestic rental business, it strongly stimulates us to contribute to the debate and your hearing.

Without discussion on the rights or wrongs of taxation based on value rather than income, we are concerned about the “surtax” of 2% being applied to the combined value of our properties that exceed \$2,076,000.

When Treasurer Egan introduced the 2% extra tax, it was put forward as a “luxury” tax designed to increase contributions from those wealthy enough to own multiple but underutilised properties sitting by harbour and sea. One and two bedroom units located in Randwick and Maroubra Junction and given over solely to domestic rental do not justify the term or the fiscal penalty of “Luxury”.

The tax paid on our balance of \$898,000 is half as much as that paid on the first \$2,076,000 of value and the tax total of \$51,276 represents the single largest cost to run our business. Being a business cost it must be recovered from the business hence it also represents annually, the single most powerful instigator of rent review and driver of rent increases.

Improvements cannot be deducted against the tax indeed; it siphons off money that might be used to upgrade the properties. It also acts as an impediment to future investment in this state. The “smart” decision would be to sell our oldest property rather conduct expensive upgrading and invest the proceeds in another state or overseas. To increase investment locally brings down on us punitive tax, which seems against the needs and interest of NSW, local tradesmen and prospective tenants.

Of all the aspects of Land Tax that are objectionable to us, this so called Luxury surtax is the most egregious as it benefits neither the taxed nor the tax taker, namely NSW.

Thank you for the opportunity to place this specific Land Tax issue forward to the NSW Parliamentary Land Tax review.

Yours Sincerely
Allan Bligh