




Australian Government
Commonwealth Grants Commission

2025 Methodology Review

Stamp duty on conveyances consultation paper

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Overview of category

- 1 The stamp duty on conveyances category comprises revenue from stamp duties collected when property is transferred.¹ The concept of property is broad, comprising both real and non-real property.²
- 2 The category excludes revenue from:
 - taxes on land ownership, which are assessed in the land tax category
 - other land-based taxes.³ Property-based fire and emergency levies are offset against spending on emergency services, which is assessed in the other expenses category. The remaining land-based taxes are assessed equal per capita in the other revenue category.

Current assessment method — 2020 Review

- 3 For revenues included in this category, state and territory (state) capacity is assessed using the total value of property transferred in each state. These data are disaggregated by:
 - class of property transferred and
 - value range.
- 4 Undertaking the assessment by value range enables the Commission to capture the effect of the progressivity of state stamp duty rates. States with a greater proportion of property transactions in higher value ranges have greater revenue capacity. For each value range, assessed revenue is derived by calculating the average tax rate and applying it to each state's total value of property transferred. A state's assessed revenue is derived by summing over value ranges.
- 5 The Commission assesses states' capacities to raise duties from 3 classes of transactions equal per capita, discussed further below. The Commission assesses states' capacities to raise duties from land rich transactions by listed companies at a reduced rate to reflect states' policies of applying a concessional duty to these transactions.

¹ Victoria is replacing its conveyance duties on non-residential property with a property tax. South Australia has abolished conveyance duties on non-residential properties. The ACT has a 20-year plan to phase out conveyance duties, replacing them with general rates. It has abolished conveyance duties on commercial properties valued at less than \$1.6 million.

² Real property is land and buildings (including houses, apartments, shops and factories). Non-real property comprises property that is not land or buildings. Examples of non-real property include non-fixed plant and equipment, receivables, goodwill, business assets, statutory licences, intellectual property, aquaculture leases, copyright, patents, partnership interests and options to purchase.

³ Other land-based taxes comprise property-based fire and emergency services levies, Victoria's Growth Areas Infrastructure Contribution, metropolitan levies and parking space levies. Property-based fire and emergency services levies are the largest of these revenues — states raised \$1.9 billion from them in 2021–22.

Transactions assessed equal per capita

- 6 In the 2020 Review, the Commission decided transactions relating to the sale of major state assets, corporate reconstructions and non-real property should not affect states' revenue capacities. This was because of a significant degree of policy influence or difficulty in developing a capacity measure. The revenue from these transactions was assessed equal per capita in the other revenue category.

Stamp duties from sales of major state assets

- 7 These transactions result from different state policies on the ownership of assets, including which assets to hold and for how long. Due to the significant amount of policy influence, the Commission assessed revenue from these transactions equal per capita.

Stamp duties from corporate reconstructions

- 8 To encourage economic reform, most states exempt these transactions or refund the duty collected on them. Given it is difficult to develop a reliable capacity measure for transactions that are ad hoc in nature and volatile, the Commission assessed the revenue from these transactions equal per capita.

Stamp duties from non-real property transactions

- 9 States agreed to abolish these duties as part of the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations* signed in 1999. However, they are yet to be abolished in some states.
- 10 When some states tax activity and others do not, the size of the tax bases of those that do not are unknown. In these situations, the Commission has generally 3 assessment options:
- assess capacity for states that tax the activity, but assess no capacity for states that do not tax the activity (that is, akin to the 2020 Review approach for uranium and coal seam gas in the mining assessment)
 - estimate the missing tax base for states that do not tax the activity (this is the approach taken for the Northern Territory in the land tax assessment)
 - assess every state to have the same revenue capacity.
- 11 The Commission's choice will depend on the circumstances of each case. It will take into consideration the number of states taxing the activity and the reliability and materiality of estimating the tax bases of those that do not. The Commission may prefer option 3 when it is difficult to reliably estimate the missing tax bases.
- 12 Given the difficulty of reliably estimating tax bases for non-real property transactions, and given states agreed to abolish these taxes as part of the intergovernmental agreement, the Commission assessed the revenue raised by states that tax these transactions equal per capita. This means a state's decision to continue to impose the tax does not affect its GST distribution.

Data used in the assessment

- 13 Data on the revenue raised by states are sourced from the Australian Bureau of Statistics' Government Finance Statistics and, for the last assessment year, state revenue offices.
- 14 Data on the revenue raised and the value of property transferred by class of transaction and value range are obtained from state revenue offices.

Category and component revenue

- 15 Table 1 shows states raised \$35.2 billion in stamp duty on conveyances in 2021-22, representing 21.3% of total own-source revenue.

Table 1 Stamp duty on conveyances revenue by state, 2021-22

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
Total revenue (\$m)	14,348	10,356	5,609	2,439	1,361	410	446	242	35,210
Total revenue (\$pc)	1,772	1,579	1,065	883	754	719	983	969	1,367
Share of state own-source revenue (%)	28.7	28.1	16.3	9.1	15.3	14.5	12.9	14.3	21.3

Source: Commission calculation.

- 16 Table 2 shows revenue from stamp duty on conveyances has increased as a share of total state own-source revenue in recent years.

Table 2 Stamp duty on conveyances revenue, 2018-19 to 2021-22

	2018-19	2019-20	2020-21	2021-22
Total revenue (\$m)	18,044	18,543	23,441	35,210
Share of total own-source revenue (%)	13.7	14.6	17.0	21.3

Source: Commission calculation.

- 17 Table 3 sets out the capacity measure that applies to the stamp duty on conveyances assessment.

Table 3 Structure of the stamp duty on conveyances assessment, 2021-22

Component	Component revenue	Driver	Influence measured by driver
	\$m		
Conveyance duties	35,210	Value of property transferred	Recognises that states with a greater total value of property transferred have a greater revenue capacity.
		Value distribution adjustment	Recognises that states with proportionally more high value property transferred, which attract higher rates of duty, have greater revenue capacity.

Source: Commission calculation.

GST distribution in the 2023 Update

18 Table 4 shows the extent to which the assessment results in a different distribution of GST compared with an equal per capita distribution. In the 2023 Update, the distribution of GST from the stamp duty on conveyances assessment differed by \$3,359 million (\$127 per capita) compared to an equal per capita distribution. States assessed to have above average capacity (New South Wales and Victoria) had lower GST needs. The remaining states were assessed to have below average capacity and higher GST needs.

Table 4 GST impact of the conveyances assessment, 2023-24

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
Total (\$m)	-2,888	-471	877	1,150	876	277	16	162	3,359
Total (\$pc)	-349	-70	162	404	472	474	34	624	127

Source: Commission calculation, 2023 Update.

19 Further detail on the stamp duty on conveyances assessment and the underlying conceptual cases for assessment methods are explained in volume 2, chapter 8, [Report on GST Revenue Sharing Relativities, 2020 Review](#).

What has changed since the 2020 Review?

States introduced new property taxes

20 From 16 January 2022, New South Wales introduced the First Home Buyer Choice, a scheme that allowed first home buyers to choose to pay an annual property tax instead of stamp duty.⁴ The scheme is open to first home buyers who purchase property up to \$1.5 million or who purchase vacant land not exceeding \$0.8 million.

21 The New South Wales Government has indicated it intends to:

- abolish stamp duty for first home buyers on properties up to \$0.8 million and apply a discounted rate to properties up to \$1.0 million
- abolish the First Home Buyer Choice introduced by the previous government
- spend \$722 million to finance the cost of these changes over the period 2023-24 to 2026-27.⁵

22 In its 2023-24 Budget, Victoria announced that, from 1 July 2024, it would replace stamp duty on commercial and industrial property with an annual property tax.

23 Under the new system, the first purchaser of a commercial or industrial property after 1 July 2024, will have the option to choose to either pay the property's stamp

⁴ The scheme included a transitional period so that eligible first home buyers who signed a contract of purchase between 11 November 2022 and 15 January 2023 were able to opt-in to the new property tax.

⁵ Chris Minns, [Abolishing and reducing stamp duty for first home buyers](#), Chris Minns website, accessed 1 June 2023.

duty liability as an upfront lump sum or opt to pay fixed instalments over 10 years equal to stamp duty and interest with a government-facilitated transition loan.

- 24 Once a property enters the new system, an annual property tax will apply a decade after the purchase and stamp duty will not be payable on future transactions. The annual property tax is set at a flat rate of 1% of the property's unimproved land value. These property tax revenues will not enter an assessment year until 2034-35.

The ACT's tax reform is progressing

- 25 In 2012-13, the ACT commenced a 20 year program to replace conveyance duty with general rates revenue.⁶ The ACT is now more than half way through that reform.⁷
- 26 In the 2015 Review, the Commission treated that part of the ACT's general rates that was a replacement for stamp duty as land tax revenue. That adjustment was discontinued in the 2020 Review because it was no longer material and the data were no longer available.
- 27 The ACT reform also potentially resulted in an 'elasticity effect.' That is, the value of property transactions in the ACT (and therefore, its assessed revenue base) may have increased in response to the progressive reduction in its stamp duty rates. In the 2015 Review, the Commission decided not to adjust the ACT's (or any other state's) revenue base for such effects as such adjustments were unlikely to be material. It also considered that it would be unbalanced to introduce a positive adjustment for the ACT in relation to conveyance duties, but to take no account of the offsetting change in relation to its general rates. General rates are a local government revenue, which is not assessed by the Commission.

Implications for assessment

- 28 As discussed below, the Commission does not see these developments necessitating a fundamental change to the assessment method. The Commission's preliminary view is that the existing approach to assessing revenue from stamp duty on conveyances remains appropriate.

Consultation question

- Q1. Do states agree that the overall approach to assessing revenue from stamp duty on conveyances remains appropriate?

⁶ The ACT's 2012-13 tax reform package also included abolition of commercial land tax and insurance duty.

⁷ South Australia abolished stamp duty on transfers of non-residential property (excluding primary production) from 1 July 2018.

- 29 While the Commission’s preliminary view is that the assessment remains fundamentally sound, recent developments raise 2 issues to consider:
- whether there should be a separate assessment of revenue from a property tax
 - whether adjustments should be made for the effects of state tax reform.

A separate assessment of revenue from a property tax

- 30 Conceptually, the New South Wales property tax differs from other taxes on land. It differs from stamp duty because it is an annual charge. It differs from land tax because it applies to a landowner’s principal place of residence without aggregation. While closer in concept to other land-based taxes, it does not apply to all land. It only applies when a landowner opts into the scheme. This suggests the drivers of the property tax are different to the drivers of other taxes on land and the revenue raised should be separately assessed.
- 31 In accordance with its assessment guidelines, the Commission would make a separate assessment of the property tax, if reliable data were available to support that assessment and it was material.⁸
- 32 The Australian Bureau of Statistics’ Government Finance Statistics classifies New South Wales’ property tax revenues as land tax, meaning the Commission currently assesses the revenue with land taxes. The amount raised is small⁹ and a separate assessment is not material (see Table 5).
- 33 As the New South Wales Government has said it plans to abolish the property tax, it is unlikely a separate assessment will become material. The Commission’s preliminary view is to continue to assess revenue from the property tax with land tax.

Table 5 Assessment of property tax, 2021-22

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
Actual revenue (\$m)	19	0	0	0	0	0	0	0	19
Land value (\$b)	2,860	1,936	1,231	531	393	126	135	34	7,246
Assessed revenue (\$m)	7	5	3	1	1	0	0	0	19
Assessed revenue (\$pc)	1	1	1	1	1	1	1	0	1

Note: The actual revenue shown is New South Wales’ revenue forecast for the first full year of the property tax (2023-24). New-South Wales’ 2022-23 Half-Yearly Review.

Source: ABS Australian System of National Accounts, Table 61, Value of land by land use, Cat No 5204.0.

⁸ The Commission’s assessment guidelines specify that it will include a driver where a conceptual case exists, where there are reliable data and methods with which to assess the driver, and where that assessment is material.

⁹ NSW’s 2022-23 Half-Yearly review forecasts revenue of \$19 million in the first full year of operation of the scheme (2023-24), rising by \$10 million per year.

Consultation question

Q2. Do states agree that revenue from the New South Wales property tax be assessed with land tax for as long as it exists?

34 Victoria is yet to outline the final design of its property tax scheme. Until it does, the Commission will not decide how to treat this change. Additionally, the Commission will need to know how the Australian Bureau of Statistics will treat the transitional loan, the fixed instalment payments and the property tax revenue in Government Finance Statistics. When this information is available, the Commission will consult with the states on how to treat the change to Victoria's property tax scheme.

Adjustments for the effects of state tax reform

35 The Commission's *Occasional Paper No. 2: GST distribution and state tax reform*, stated that, if the reform policies of an individual state were having a material effect on that state's GST share then, under the Commission's policy neutrality supporting principle, the Commission could seek to identify and mitigate such material effects. Making an adjustment in such circumstances would ensure the Commission's assessments more accurately capture states' fiscal capacities and avoid GST arrangements operating as a possible disincentive to reform.

36 Advice from New South Wales was that the First Home Buyer Choice scheme would not have a material effect on its taxable property values in the short to medium term. In addition, the New South Wales Government proposes to close the scheme. The Commission's preliminary view is not to make an adjustment to the value of property transferred in New South Wales.

37 The Commission will continue to not make an adjustment to the ACT's value of property transferred as it has not identified a significant 'elasticity effect' flowing from the ACT's reform. While growth in taxable property values in the ACT has generally exceeded the national average over the period since 2012–13, it has been similar to Tasmania's growth and a little higher than South Australia's growth.¹⁰

38 The Commission's preliminary view is to consider adjusting state revenue bases if relevant policy changes occur and any material effects from those reforms can be reliably identified. The Commission would consult with states on any adjustment at the appropriate time. The Commission will continue to monitor whether policy changes to stamp duty on conveyances are being contemplated by states.

¹⁰ Based on an analysis of state-provided data.

39 The case for flexibility to change assessment methods in response to major changes in ‘what states do’ (including significant policy reforms) will be considered in a subsequent discussion paper.¹¹

Consultation question

Q3. Do states support the Commission not adjusting states’ value of property transferred for the elasticity effects of recent reforms on materiality grounds?

Proposed assessment

40 Subject to state views, the Commission does not propose to make changes to its 2020 Review approach. Table 6 presents the proposed structure of the assessment for the 2025 Review.

Table 6 Category structure, stamp duty on conveyances

Component	Driver	Influence measured by driver	Change since 2020 Review
Conveyance duties	Value of property transferred	Recognises that states with a greater total value of property transferred have a greater revenue capacity.	No
	Value distribution adjustment	Recognises that states with proportionally more high value property transferred, which attract higher rates of tax, have greater revenue capacity.	No

Source: Commission calculation.

Consultation

41 The Commission welcomes state views on the consultation questions identified in this paper (outlined below) and the proposed assessment. State submissions should accord with the 2025 Review framework. States are welcome to raise other relevant issues with the Commission.

- Q1. Do states agree that the overall approach to assessing revenue from stamp duty on conveyances remains appropriate?
- Q2. Do states agree that revenue from the New South Wales property tax be assessed with land tax for as long as it exists?
- Q3. Do states support the Commission not adjusting states’ value of property transferred for the elasticity effects of recent reforms on materiality grounds?

¹¹ Clause 6 of the 2025 Review Terms of Reference asks the Commission to consider whether there is a case for it to be given flexibility to consider alternative methods where there is a significant unanticipated shock or where major policy reforms are enacted between reviews.