

Proposed amendments to the  
**Land Tax (Miscellaneous)  
Amendment Bill 2019**

Submission from



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## Executive Summary

The South Australian Council of Social Service applauds the purpose of the Land Tax (Miscellaneous) Amendment bill 2019 in so far as it seeks to make land tax fairer by closing a loophole in the aggregation of land value and to raise revenue to fund vital services. However, the bill does more than that – it changes the rate of taxation on some properties and yet it misses the opportunity to create proper incentives for investment in the creation of new housing and commercial stock.

Land tax is a progressive and efficient revenue base and calculating land tax on the aggregated value of a landowner's holding is fair and important in ensuring that owners pay equivalent land tax rates regardless of the composition of land held. Without aggregation (or when aggregation is avoided through trusts and other complex ownership structures), there is a tax incentive for investors not only to buy more land, but to buy and hold land valued at levels at or below the tax-free threshold. This means lost revenue to the state, but also a perverse investment incentive that disadvantages others who are also seeking properties in that sector of the market: in private housing, that is likely to be first-home buyers and those on low-incomes. ***It is imperative that the interests of these largely silent stakeholders is protected in the debate on the bill and accordingly that the changes to aggregation to identify and tax beneficial owners go through.*** That said, we do not believe the tax surcharge on blind trusts is sufficient to provide a disincentive to using trusts to avoid aggregation.

Beyond aggregation, the bill essentially abolishes the top tax bracket - meaning the marginal rate of tax on land value over \$5m drops from 3.7% to 2.4%. That is a massive 35% reduction in the top marginal tax rate, and \$55m windfall to those with the largest landholdings. While SACOSS recognises that the top marginal land tax in South Australia is higher than other Australian jurisdictions, the extent of the rate cut is uncalled for and unfair, particularly in light of the vital need for investment in public and community housing.

SACOSS proposes that the bill be amended so that:

- A version of the tax bracket proposed in the 2018-19 budget is retained with a tax rate of 2.4%, but only up to aggregated land value of \$5m
- A marginal tax rate of 2.9% is applied on land value over \$5m (i.e. a reduction from the current 3.7%, but above the proposed 2.4%)
- The land tax surcharge on trusts is doubled to 1%, and
- That the extra revenue garnered from our proposal be invested to reverse the decline in public and community housing.

SACOSS also believes that the land tax reforms proposed in the bill are narrow in focus and represent a lost opportunity to do more far-reaching and productive land tax reform. In particular, SACOSS would like to see a tax surcharge on disused buildings ("the Le Cornu tax") and incentives and tax relief targeted at investment in new housing stock. SACOSS also believes it is time to explore the possibility and necessary safeguards to replace the

inefficient and volatile conveyance duty with a small annual land tax, but all these later proposals can wait for another day.

## **Introduction**

The South Australian Council of Social Service (SACOSS) welcomes the opportunity to comment on the Land Tax (Miscellaneous) Amendment bill 2019.

SACOSS is the peak body representing the not-for-profit health and community services sector in this state and we have a long history of advocacy in the interests of vulnerable and disadvantaged South Australians, including on the key issues of housing and state revenue.

In general, SACOSS applauds the purpose of the bill in so far as it seeks to make land tax fairer by closing a loophole in the aggregation of land value and to raise revenue to fund vital services. However, the bill does more than that – it changes the rate of taxation on some properties and yet it misses the opportunity to create proper incentives for investment in the creation of new housing and commercial stock. This submission will take each of these issues in turn.

## **Aggregation**

In considering the changes to aggregation contained in the bill, and particularly in light of the many public criticisms of the proposed changes since the State Budget, it is necessary to remember the purpose and impact of aggregation. Land tax is one of the state government's key revenue bases: it is generally a progressive tax, regarded by economists as efficient, and, in light of digital disruption of other tax bases, it is one of the most enduring and hard-to-avoid revenue bases. Calculating land tax on the aggregated value of a landowner's holding is fair and important in ensuring that owners pay equivalent land tax rates regardless of the composition of land held. In doing this it provides a disincentive to the over-accumulation of what is a limited resource, helps spread wealth and land ownership across the community, and raises revenue to fund vital public services.

Without aggregation (or when aggregation is avoided through trusts and other complex ownership structures), there is a tax incentive for investors not only to buy more land, but to buy and hold land at levels at or below the tax-free threshold – with the application of threshold to each property minimising (or removing) tax liability. This means lost revenue to the state and community as a whole, but this perverse investment incentive also has particular implications for others who are also seeking to buy properties in that sector of the market – and in private housing, that is likely to be first-home buyers and those on low-incomes. Struggling to get a foothold in the property market, they are faced with competition from investors (possibly already bolstered by negative gearing and capital gains tax benefits) who are investing in the same low to mid-value housing properties and seeking to minimise their land tax liability by avoiding aggregation.

This is important because of the outcry of vested interests which have dominated the public debate since the proposed changes to aggregation were announced. That 'debate' has raised a range of issues, many of which are irrelevant or wrong. SACOSS has produced a quick summary of these "myths and misdirections" in a briefing note appended to this submission (see Appendix 1) as we have no doubt that other submissions on this bill will

also be dominated by such vested interests and dubious arguments. But, in this context, it is important to remember all the interests at play in this tax reform, not just the loud voices of those immediately impacted. In particular, we are calling for government and legislators to be mindful of the interests of those that they are not hearing from, that is:

- People who are reliant on the services that are, or could be paid for, from the land tax collected by closing the aggregation loophole; and
- First home buyers and those on low-incomes whose chance to get a foothold in the property market is being crowded out because of a perverse tax incentive to investors who are avoiding land tax aggregation.

Low-income families and those reliant on the vital services provided by government are just as much stakeholders in this debate as those who are or may have to pay land tax. The consideration of these other interests leads SACOSS to support aggregation in principle and support the intention of the bill to identify and tax beneficial owners and ensure that aggregation is not avoided through trusts and other complex ownership arrangements.

In terms of the bill itself, SACOSS has not attempted a clause by clause technical analysis of the proposed legislation. Given the complexity of the aggregation clauses, we understand that there may be some unintended anomalies and impacts raised in the consultation process. If these are genuinely unintended and perverse outcomes, SACOSS is happy to see these fixed so long as such amendments do not undermine the intent of impact of the bill in applying aggregation more fully and fairly across landowners.

## **Tax Rates**

Beyond the aggregation changes which are generally welcomed by SACOSS, the bill also changes the rates of applicable land tax. It effectively removes the bracket proposed in last year's budget (\$1.3m to \$5m) and reduces the tax rate applying to all holdings above \$1.1m, as well as introducing a surcharge on trusts where the beneficial landholder is not identified.

The change in rates in the top bracket(s) means the marginal rate of tax on land value between \$1.3m and \$5m drops from what would have been 2.9% to 2.4%. For values over \$5m the decrease is even greater as it drops from 3.7% to 2.4% - a massive 35% reduction in the top marginal tax rate. While SACOSS acknowledges that this may not apply to many landowners, it is nonetheless a \$55m a year (PWC, 2019) windfall going to those with the largest landholdings. Obviously there is also a commensurate loss to the state budget and to the state's ability to fund vital services.

SACOSS believes that the *extent* of the top rate cut in the legislation is unnecessary, potentially problematic and unfair. Further, the way the new rates are set does not fully address the problem of landowners using trusts and other structures to avoid paying land tax. We will address each of these issues in turn before putting forward an alternative proposal for modified rates.

### Unnecessary and potentially problematic – Interstate comparisons

One of the loudest claims of those opposing the changes to land tax aggregation is that South Australia has high rates of land tax compared to other states. It has never been clear to SACOSS why this is relevant to the issue of aggregation as the tax rates are a separate issue which should be argued on their own merits. Further, as the table below shows, assuming that all landowners actually paid land tax on aggregated value, the “highest rates” claim is not true for small investors with one or two average value properties. However, landowners with aggregated property values over about \$2m do face relatively high tax rates and at 3.7%, the current top marginal rate in South Australia is the highest in the country.

**Table 1: State Land Tax Liability Comparison, 2019-20**

	Capital City Av House Price (Mar19)	Tax on Av House*	Tax on \$1m Land Value	Tax on \$2m Land Value	Tax on \$5m Land Value	Tax on \$10m Land Value
SA	542,474	757	6,311	39,070	150,070	335,070
Qld (Individual)	563,666		4,500	21,000	62,500	150,000
Qld (Company)	563,666		12,500	29,500	75,000	187,500
Vic	809,468	2,022	2,975	11,975	69,975	182,475
NSW	1,027,962	5,475	5,028	21,028	72,104	172,104
Tas	478,247	3,761	11,587	26,587	71,587	146,587
WA	529,997	897	2,730	14,930	73,130	180,130
ACT (Residential)	722,440	7,595	10,593	21,393	54,393	109,393
Average			6,246	22,283	79,108	182,251

\* Note: this is average retail price as per column 1, not site value which is the basis of land tax so the actual averages would be different but the patterns should be broadly similar.

Source: Land tax rates calculators on State/Territory Revenue Websites. All rates are standard rates, not inclusive of absentee/foreign or trust surcharges.

Given this SACOSS has accepted that (unrelated to aggregation issues), there is a need to address the top rates of tax. But, in any state comparison of land tax, it is important to note the difference in property values – not just the rates. Hence, for instance, in the table above it would be possible to own two average properties in South Australia for the price of an average property in NSW. This land value calculation is particularly important for business, where they may pay less land tax in SA than on the eastern seaboard, despite higher tax rates here, because the site value is so much less.

Importantly, in reducing taxes solely by reference to other jurisdictions and/or a notion of competitiveness (which in any case rests on a number of factors, not just tax), there is a risk of triggering a tax cutting race to the bottom which will undermine the revenue-base of all states. As will be evident below, we believe it is possible to provide a significant reduction in the top tax rate in South Australia without undermining the revenue base.

### **Fairness and housing policy**

As noted above, the reduction in the top rate of land tax comes at a cost to the state budget of around \$55m in 2020-21. This comes not only against the backdrop of a significant reduction in the state's share of GST revenue which put pressure on the government's ability to fund vital services, it also coincides with the development of the government's *SA Housing and Homelessness Strategy*.

In 2019, SACOSS strongly criticised this strategy for its failure to articulate a government commitment to increase the stock of public housing. This is despite an acknowledged need with 6,000 people currently homeless, unmet demand for affordable housing of around 56,000 households and a decline of around 20,000 social housing tenements over the last 25 years. SACOSS believes that the housing strategy will lack credibility and long term impact if it does not address this decline in the stock of social housing.

In the context of this legislation, the cuts to the top land tax rates in this bill means that revenue will be given away to big landowners which is desperately needed for investment in the development and maintenance of public and community housing stock. Those reliant on social housing can't afford to see property revenue given away in the unregulated and unproven hope that lower taxes will somehow lead to developers building more affordable housing. *If* developers invest their windfall in housing (as opposed to other investment vehicles), they are likely to invest where the greatest profit is to be made – not necessarily in new stock, and not necessarily where it is most needed by those who currently have the greatest housing and social struggles. Instead of hoping for investors to do this, the government needs to make that investment directly into public and social housing.

In putting forward this bill, the government must have balanced the revenue gained from the aggregation changes with that lost through the cuts in the top tax rate. They clearly believe the budget outcome is satisfactory. However, in the light of the great need for further investment in public and social housing, SACOSS is proposing a lesser cut to the top tax rate to fund that investment. The details are below, but it follows from this that on no account must the bill be split to separate the aggregation changes from the tax rate changes. The tax cuts are only affordable if the aggregation changes happen. To separate them may, in current political circumstances, simply see a giving away of further revenue through tax cuts which will make the much-needed public housing investment even harder.

### **Not Addressing Tax Avoidance**

Beyond the top end tax rate, the proposed bill establishes the surcharge for blind trusts where the trustee does not identify the beneficial landholder. The surcharge is 0.5% and begins with land values of \$25,000 – effectively removing the tax-free threshold on blind trusts.

SACOSS supports the idea of a surcharge on blind trusts to ensure that all landowners pay a fair share of land tax, but we believe the rate is insufficient to provide a deterrent to landowners using trusts to avoid aggregation.

Consider the following hypothetical examples (see Table 4 on the following page):

A landholder with property worth \$2m (site-value), consisting of 4 properties of \$500,000 each. Currently, if the properties were aggregated, the annual tax payable should be \$39,070, decreasing to \$28,832 with the new tax rates proposed for 2020-21. However, if the owner used trusts to avoid aggregation, their current liability would be \$2,180 per annum, increasing to \$10,500 next year courtesy of the surcharge payable (\$2,625 for each property). Yet this remains around one-third of what would be owed if aggregation applied, meaning that there is still an incentive to use trusts to avoid aggregation.

The results are even more perverse for landowners with greater total land value:

A landholder with properties with aggregated site value of \$5m will see a \$50,000 reduction in their land tax bill to \$100,832 per year. However, if the portfolio consisted of 10 properties of \$500,000, all held in blind trusts and taxed separately the tax bill would only be \$26,250 – approximately one quarter of the tax on the aggregated value. The proportion of the aggregated tax bill gets less as the value of properties in blind trusts increase, thus the incentive to use blind trusts increases.

Given that even with the proposed surcharge there remains an incentive to use blind trusts to avoid aggregation, SACOSS suggests that the rate of the trust surcharge should be increased. Though these higher rates appear punitive, they can be avoided by trustees declaring the beneficial owner – at which point the tax-free threshold and the general rates would apply.

### **Proposal**

In taking account of the issues above in relation to interstate competitiveness, the need for revenue for direct investment in public and social housing, and the limited impact of the trust surcharge, SACOSS believes that the proposed package and therefore the bill is in need of amendment.

SACOSS proposes that:

- A version of the tax bracket proposed in the 2018-19 budget be retained with a tax rate of 2.4%, but only up to an aggregated land value of \$5m
- A tax rate of 2.9% be applied on land value over \$5m (i.e. a reduction from the current 3.7%, but above the proposed 2.4%)
- The land tax surcharge on blind trusts be doubled to 1%.

The land tax scales proposed by SACOSS are therefore as follows and **SACOSS recommends that Schedule 1 of the bill be amended to reflect these scales:**



**Table 2: Estimated Land Tax Scales 2020-21 (General Rates)**

\$0	to	\$450,000	\$0	+	0.00%
\$450,001	to	\$755,000	\$0	+	0.50%
\$755,001	to	\$1,098,000	\$1,525	+	1.65%
\$1,098,001	to	\$5,000,000	\$7,184.5	+	2.40%
\$5,000,001	&	over	\$100,832	+	2.90%

**Table 3: Estimated Land Tax Scales 2020-21 (Surcharge Rates)**

\$0	to	\$25,000	\$0	+	0.00%
\$25,001	to	\$450,000	\$125	+	1.00%
\$450,001	to	\$755,000	\$4,250	+	1.50%
\$755,001	to	\$1,098,000	\$8,825	+	2.65%
\$1,098,001	to	\$5,000,000	\$17,915	+	2.65%
\$5,000,001	&	over	\$121,318	+	2.90%

Note: The thresholds in tables 2 and 3 are based on those in the Consultation Summary Paper and accepting the caveats therein. (Govt of SA, 2019b).

The impact of these proposed changes on various aggregated property portfolios can be seen in the table below. The only impact of SACOSS' proposals in relation to the general rates is for portfolios over \$5m, and even then the tax payable is still less than the current level. The bigger impacts are with the proposed doubling of the surcharge. While large on paper, the impacts are arguably less likely to apply at the top end because the use of blind trusts mean aggregation is avoided. The impacts on lower value portfolios (which is the only area where we will see an overall increase in tax) is the intended outcome of ensuring the fair payment of tax rather than the multiple use of the tax-free threshold.

**Table 4: Land Tax Payable at Different Aggregated Values**

General Rates	\$500,000	\$1m	\$2m	\$5m	\$10m
Current Tax at 2019-20 rates	545	6,311	39,070	150,070	335,070
Govt Proposed 2020-21 rates	250	5,568	28,832	100,832	220,832
SACOSS Proposal 2020-21	250	5,568	28,832	100,832	245,830
Surcharge Rates					
Govt Proposal (0.5%)	2,625	10,568	34,322	106,322	226,322
SACOSS Proposal (1%)	5,000	15,318	68,005	121,318	266,318

SACOSS does not have the resources to model the revenue impact of the tax changes we are proposing. However, the figures in the State Budget posit a \$2.7m revenue cost for a 0.1% decrease in the top marginal rate for holdings over \$5m in 2020-21 (Govt of SA, 2019a). Based on this, SACOSS envisages that our proposed increase in the top rate from 2.4% to 2.9% for holdings over \$5m would restore at least \$13.5m to the state budget in 2020-21. Additionally, given the PWC (2019) report suggests the 0.5% surcharge would net \$19m in 2020-21, then a 1% surcharge could net that much again – although changing investment arrangements in response to the surcharge may substantially reduce this figure. However,

even if the trust surcharge figure was only half of the envisaged return, this would still see \$9.5m added to the \$13.5m from the top rate change. The result is a combined total that would see a figure in the region of \$24m available to be invested in public and community housing.

Again, without the benefit of Treasury modelling, this figure should be treated with caution, but it is indicative of the substantial investment possible in public housing while still delivering a tax cut at the top end. Even if the 2.9% rate was set for three years before being reduced to the government's 2.4% target, this would supply a short-term investment in public housing of over \$60m.

Put in these terms, the question for government and legislators is one of basic fairness: which end of the housing the market is the priority – the big landowners wanting a bigger tax cut or those in need of a roof who support wanting a restoration of public housing?

### **Missed Opportunities**

While not directly related to the proposed bill, SACOSS wants to be clear that our critique and proposals are not the limit of our concerns about land tax. In this sense, we believe that the bill and the proposed changes are quite narrow and represent a lost opportunity to use land taxes to stimulate development.

SACOSS has previously proposed the introduction of a disused land tax (SACOSS, 2015). Sometimes referred to as the “Le Cornu tax” in reference to the long vacant block of land in North Adelaide, the proposed tax surcharge on disused property recognises that when property is left vacant it impacts negatively on the whole community – both in lost productivity and in devaluing surrounding property and community. While the SA government has not introduced such a tax, several local councils have such a surcharge on council rates and the Victorian government has introduced a vacant property tax on CBD apartments. The purpose of such a tax is simply to provide a tax disincentive to leaving properties vacant.

The other side of this equation would be to provide tax incentives for the development of new housing or commercial stock. This could take the form of tax relief during the stages of active development when there is no income being derived from the land. The details of such an approach would need to be worked out with developers, government and other stakeholders (including the community sector), but in effect there would be three sets of land tax:

- The standard rate for holding property (including the surcharge rates for blind trusts);
- A reduced rate for a set period for property undergoing development; and
- An increased rate for property not being used productively (noting that provision of housing *is* productive).

The logic is simple: provide tax incentives for good things (i.e. development) and tax disincentives for bad things (i.e. vacant and unproductive properties). By comparison, the proposed land tax changes are a narrow and blunt approach to property tax and investment.

Finally, since it was first (briefly) floated in the 2015 SA government tax review (and the Henry Tax Review at the Commonwealth level), SACOSS has been keen to explore the possibility of replacing conveyance duties (which are inefficient and impede people's movement) with a small annual land tax – with appropriate protections for those who might have trouble paying such a tax (SACOSS, 2017). This has proved politically difficult, but it has the support of most economists, the property industry and potentially of SACOSS as a primary representative of the social service sector. It remains unfinished business and again highlights the narrowness of the reforms proposed in this bill.

### **Conclusion and Recommendation**

While SACOSS supports the intent of the bill in relation to aggregation, this does not necessarily translate to support for the bill in its current form. ***We support the changes to aggregation proposed in the legislation to identify and tax beneficial owners.*** We would be happy to see any technical amendments which may be required to address any incidental anomalies, as long as such amendments do not undermine the intent or impact of the bill in closing the aggregation loophole and ensuring that land tax is paid by all landowners on the aggregated value of their land.

However, SACOSS does not support the extent of the reduction in the highest rates of land tax. We believe this is unnecessary and counterproductive, and gives away revenue which could and should be used for investment in social housing to address chronic problems in housing supply and services for those most in need. Accordingly, ***we call for the bill to be amended to set the tax rate for property holdings with an aggregated value of over \$5m at 2.9% rather 2.4% with the revenue saved to be invested in construction and maintenance of public and community housing stock.***

Finally, we believe that this bill should not be the end of land tax reform as it misses opportunities to create genuine incentives to increase the stock of housing and commercial properties through initiatives like an unused building tax on one hand, and positive incentives for development on the other. ***Further land tax reform is needed in these areas, as well as a fresh look at the possibility and necessary safeguards to replace conveyance duties with an annual land tax on the principle place of residence.***

## **Appendix 1: SACOSS Briefing Note: Land Tax Aggregation – Myths and Misdirections**

### **MYTH: Land Tax Aggregation is a new tax imposition on property owners**

Land tax in South Australia is not a new tax. It is (already) based on the aggregated value of all properties held by a taxpayer (except for the primary place of residence). The proposed changes simply close a loophole which has allowed some landowners to avoid paying the appropriate rate of land tax by holding properties in a range of different ownership structures (e.g. trusts, differing partnerships). If landowners are experiencing this as a new tax it is only because they have structured their affairs in a way so as to have previously avoided the tax that other landowners are already paying.

### **MISDIRECTION: South Australian land taxes are the highest in the country**

This is true – when you only focus on the top rate of tax. But if you were buying an investment property at the median house price in each capital city, the land tax paid in South Australia would be the third lowest in the country. If your investment portfolio gets up to \$1m in any one state/territory, land tax in South Australia is still around the (unweighted) national average. If your total land value is \$2m and above, SA land taxes are much higher than all other states (not adjusting for different property values).

### **MYTH: The land tax “tidal wave”**

The “tidal wave” suggests that since changes to land tax aggregation coincide with the review of property values and increases in taxable land value, property owners will be hit by the combination of two massive tax increases. The “double-hit” would only apply to those with multiple properties who have previously avoided paying the appropriate amount of land tax. From a policy perspective, the issues are actually separate. You don’t *not* close a tax loophole because the rates are wrong – you fix the rates *and* the loophole – which is what is currently proposed.

### **MYTH: The changes will hit “mum and dad” investors**

There has been an insistence that changes to land tax aggregation will affect everyone, particularly the sentimental personification of “mum and dad investors”. Assuming our “mum and dad” investors own their own home, then if mum owns an investment property and dad owns an investment property – then it is only when they buy their *third investment property outside of their living residence* that the land value will be aggregated to existing holdings. The aggregation changes would likely only really begin to impact investors on their *fourth* property. Assuming their properties are under the land tax-free threshold, they would only *start* paying land tax on their *third* investment property – and then at very minimal rates. To be affected, these investors will be fairly well-off. This myth assumes that all small investors use multiple ownership structures to avoid aggregation of land values which is simply not true.

### **MISDIRECTION: Real estate development will stop**

This argument suggests that big developers with large aggregated land-values will cease to invest or go elsewhere. This does not seem to have happened in other states where land tax aggregation works the way it will here under the proposed changes, and the changes also come at a time of the historic low interest rates/borrowing costs for developers. That said, we do need to encourage new building. If the development model is to subdivide and build multiple properties to sell off, then tax relief in the building period makes more sense than allowing an avoidance through a loophole which also allows owners of established properties (who aren't increasing the housing stock) to avoid tax.

### **MYTH: Rents will go up and impact on pensioners and those on low-incomes**

The suggestion that because land tax goes up, rents will go up (usually by an equivalent amount) assumes that any tax increase will be passed on in total. Many landlords are currently paying tax on the aggregated value of their properties (or have only one property) so there will be no tax increase and no need to increase rents. Also, rents did not come down in 2010 when tax changes benefitted landlords; with the new land tax rates, and from 1 July 2020, tax for many landowners will decrease or disappear. If the flow through theory holds, this should mean lower rents for many (and downward market pressure preventing other rent increases). If the parliament is really concerned about the impact on pensioners and low-income renters, it could legislate safeguards – such as capping rent increases to CPI rather than undermining good legislative reform on aggregation.

### **MISDIRECTION: Trust ownership is not a rort – trusts are legitimate and legal instruments**

Trusts *are* legal and there are a range of legitimate reasons why people establish trusts. However, regardless of why trusts are set up, the fact is that it is not fair to other tax payers if these trusts enable the ultimate beneficiaries to hold land and avoid paying land tax. It is also unfair to the broader community which relies on tax revenue to fund vital services.

### **MYTH: Trusts/companies are separate legal entities and should be taxed separately**

While trusts and companies are separate entities in law, there is a long precedent of laws and courts “piercing the corporate veil” to treat substantial ownership fairly.

### **MYTH: Owners organised their affairs in good faith and the rules shouldn't be changed on them**

Regardless of why people organise their property ownership under the structures they did, the argument that therefore the rules can never change would mean that there could never be any tax reform. Further, to be consistent, when top tax rates are decreased those who claim the rules should never change should continue to pay at the higher rate.

**MYTH: This is just a tax grab by a government addicted to tax**

South Australia remains the third lowest taxing jurisdiction per capita in Australia and the fourth lowest in terms of tax effort (according to Commonwealth Grants Commission standards). And in the 2019-20 budget, there was a significant hit to SA government revenue from a write-down of GST receipts so that revenue actually declines in real terms by 1%. Combined with the land tax changes from the last budget, the amount of land tax will decrease over the coming years.

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