

# Drive our Economy Forward

Tasmanian  
**Liberals**



## Abolishing Land Tax

A Hodgman Liberal Government will...

Introduce an immediate, fairer Land Tax rebate, cap bills at this year's level and then progressively cut land tax from 2011-12 over an eight year period until it is abolished.

Land Tax is an unfair tax which is a drag on the Tasmanian economy. It affects all Tasmanians, as it is passed on in the services and goods we purchase and the rents that are paid. It stifles investment, costs jobs and has brought some businesses to the brink of failure.

Labor's recently announced changes have not delivered the abolition of Land Tax that Tasmanians deserve, and they have bungled the implementation by rushing the changes for the purposes of political expediency.

In our alternative budget delivered last year, we were the first party to accept the challenge of addressing Land Tax.

This policy supersedes that policy and improves on Labor's recently announced changes, as we will immediately introduce a fairer Land Tax rebate, and then from 2011-12 progressively abolish Land Tax, over eight years.

### We will:

1. Introduce a new, fairer Land Tax rebate this financial year for ALL landowners with land valued at more than \$350,000. Unlike Labor, the rebate will not just be for businesses - it will be for every Tasmanian who has paid Land Tax on property valued at more than \$350,000 in 2009-10.
2. Cap the Land Tax revenue collected by Government in 2009-10 after the effect of the rebate has been allowed for.
3. Freeze Land Tax bills in 2010-11 at adjusted 2009-10 levels, removing the need for future valuations to occur while introducing concessions for shack owners, first home builders and micro-businesses.
4. Cut Land Tax by 5% in 2011-12 and by 10% in 2012-13.

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5. Keep cutting Land Tax every year until it is completely abolished over eight years from 2011-12, pumping \$24 million back into the Tasmanian economy over the next four years alone.

## What the Liberals will do:

### 1. *A new, fair Land Tax rebate*

Under Labor, only businesses are entitled to the rebate.

Their policy immediately gives money back to some, while not giving money back to others like self-funded retirees and people who earn their income by renting properties.

Labor's initial 17 page application form has been replaced by a new 15 page version which is still time consuming, costly, and may result in some small businesses missing out on the rebate altogether because the onerous process is a disincentive to landlords to claim the rebate.

The simplest and fairest way to fix this farce is to extend the rebate to all taxpayers who have paid Land Tax on property valued at over \$350,000; and that is what a Hodgman Liberal Government will do.

This will mean that there will be no lengthy forms, no onerous conditions, no hours spent slaving over paperwork.

Under the Liberals, the rebate will be available to all Land Tax payers with property valued at more than \$350,000 so that Tasmanians will effectively only pay a maximum of 1.5% per cent Land Tax on land valued at above \$350,000.

The concessions already announced for shack owners, micro-businesses and first home builders will start on 1 July 2010, in the same way it would under Labor.

### 2. *Cap and cut*

A Hodgman Liberal Government will abolish Land Tax. Starting on 1 July 2010, we will put into place our plan to cap Land Tax, then progressively cut it. No more surprise increases in Land Tax. No more guessing about whether a new valuation will put you out of business or force you to sell your family shack. In fact, by cutting Land Tax, a Hodgman Liberal Government will pump nearly \$24 million back into the economy over the next four years.

All of the recently announced changes to Land Tax will be honoured by a Hodgman Liberal Government. Next year, all Land Tax payers will begin to benefit from our plan to abolish Land Tax as a result of having their bills frozen at adjusted 2009-10 levels – including those with property valued at less than \$350,000.

This means no further increases, which means every taxpayer will save in 2010-11. This is the starting point for our cap and cut policy. Every year after that Land Tax will be cut, meaning that over the eight years from 2011-12, Land Tax will be abolished.



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There will be no more revaluations. No more shock Land Tax bills in the mail. In fact, from 1 July 2010, Land Tax bills will only go down, until they are eventually gone for good.

- Land Tax will be capped at the adjusted level of your 2009-10 bill;
- Because we are capping Land Tax, property revaluations for Land Tax purposes will not be needed;
- Land Tax bills will then be reduced from 2011-12 every year for eight years until Land Tax is abolished;
- This means that Land Tax payers will receive a reduction of between 15% and 40% during the first term of a Hodgman Liberal Government;
- Under Labor, Land Tax bills will continue to go up;
- All Land Tax payers, whether they be small business, big business, investors, shack owners or first home builders will benefit under the cap and cut plan;
- New land entering the system will be taxed at the same rate as similarly valued land.

## **Why this policy is needed:**

Land Tax has progressively become more and more of a burden for Tasmanians. It is unacceptable that just one Labor Government tax could damage a number of businesses in Tasmania, drive away investment, cause families to sell their shacks and compromise their way of life and restrict the economy from reaching its full potential.

In the last 12 months alone, 8,100 jobs have disappeared in Tasmania. Our unemployment rate has gone from 4.4% to 5.5% and our economy - far from being the best in the country - desperately needs a shot in the arm.

Abolishing Land Tax will go a long way to helping the economy recover. It will encourage people to invest in Tasmania. It will give businesses the certainty and financial incentive they need to expand and employ more people. It will help self-funded retirees keep their head above water. It will provide relief to the mum and dad investors who entered the property market as a way of providing a better future for their families.

Best of all, over the next four financial years, it will allow \$24 million to be re-invested into the Tasmanian economy – and that's just the start. Over time, Tasmanians won't have to pay any Land Tax at all.

## **After more than 11 years of Labor:**

In 1997-98, Tasmanians paid \$25.9 million in Land Tax. In 2009-10, the Government collected \$94 million – a staggering 263 per cent increase. This is money that could be used to boost the Tasmanian economy. This is money that could be used by Tasmanians to invest in their families, their small businesses or the economy in general.

More than that, the Labor Government's approach to Land Tax has been a massive drag on employment, business and the economy. Land Tax was introduced to make sure land was being developed. However, under Labor they have turned it into an impost on the community and a way to prop up their big spending ways.

Only a Hodgman Liberal Government will be able to manage the economy so that this unfair tax can be capped and cut, and eventually abolished.



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**TOTAL COST: \$24 million over 4 years\***

\*After savings measures, such as reducing the need for increased funding for the Valuer-General, are taken into account.

## Comparison of land tax bills under the Liberals and Labor

Based on a business with property valued at \$1.4 million	2009-10	2010-11	2011-12	2012-13*	TOTAL
Labor's old scheme	26,087				
Labor's new scheme	9,400	14,100	17,887	18,513	59,900
Liberal's cap and cut plan	9,400	9,400	8,930	8,037	35,767
<b>\$ BETTER OFF UNDER A LIBERAL GOVERNMENT</b>	0	4,700	8,957	10,476	24,133

\*Assumes an increase of 3.5% in 2012-13 under Labor's scheme

Based on property with a value of \$600,000	2009-10	2010-11	2011-12	2012-13*	TOTAL
Labor's old scheme	6,837				
Labor's new scheme	3,455	5,182	5,587	5,783	20,007
Liberal's cap and cut plan	3,455	3,455	3,282	2,954	13,146
<b>\$ BETTER OFF UNDER A LIBERAL GOVERNMENT</b>	0	1,727	2,305	2,829	6,860

\*Assumes an increase of 3.5% in 2012-13 under Labor's scheme



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