



Comment on the Review of Land Rich Duty

February 2006

INTRODUCTION

ACTCOSS acknowledges that modern day Canberra has been built on the traditional lands of the Ngunnawal people. We pay our respects to their elders and recognise the displacement and disadvantage they have suffered since European settlement. ACTCOSS celebrates the Ngunnawal's living culture and valuable contribution to the ACT community.

The ACT Council of Social Service Inc. (ACTCOSS) is the peak representative body for not-for-profit community organisations, people living with disadvantage, and low-income citizens of the Territory. ACTCOSS is a member of the nationwide COSS network, made up of each of the state Councils and the national body, the Australian Council of Social Service (ACOSS).

ACTCOSS' objectives are representation of people living with disadvantage, the promotion of equitable social policy, and the development of a professional, cohesive and effective community sector.

The membership of the Council includes the majority of community based service providers in the social welfare area, a range of community associations and networks, self-help and consumer groups and interested individuals.

ACTCOSS receives funding from the Community Services Program (CSP) which is funded by the ACT Government.

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ACTCOSS Comment on proposed changes to Land Rich Duty Rules

In its role of representing the views of people living with poverty and disadvantage, ACTCOSS has called for increased equity in taxation to ensure that the ACT maintains a revenue base that can sustain and develop services that help all residents achieve their potential, as outlined in the Canberra Plan. In our recent submission for the 2006-07 ACT Budget, we again asked for a review of land-based taxation :

ACTCOSS repeats previous calls for a review of the adequacy of the taxation base, and whether the effective incidence of taxation is falling equitably along the socio-economic continuum. In particular, ACTCOSS would again question whether the current range of property and development taxes is falling equitably among different groups, and suggest that in light of the proposed Housing Summit and the Affordable Housing Strategy that these taxes be given a closer inspection.

Recommendation 38

That the ACT Government conduct a wide-ranging inquiry into sources of ACT Government revenue, including innovative land-based taxation schemes.

This recommendation flowed from ACTCOSS' 2002 submission on revenue issues to the ACT Legislative Assembly Standing Committee on Public Accounts. That submission was developed and based on the ACTCOSS policy position on revenue:

"ACTCOSS is committed to ensuring that all people have fair and equal access to good quality services in those areas important for their quality of life and is therefore committed to the maintenance of an adequate revenue base. ACTCOSS is also committed to the promotion of equity and therefore believes that taxation should be related to wealth (ie, be targeted at those with the highest capacity to pay)."

ACTCOSS therefore welcomes the review of land rich duty and its stated aim of preventing tax avoidance in the transfer of marketable securities where the assets of the company or trust involved include land. The proposed changes appear reasonable and in line with interstate practice, although ACTCOSS understands the rationale behind those processes which will not follow interstate precedence. We also value the idea of taxation simplicity and of transparency in regulations and laws.

The only concern for ACTCOSS remains that expressed to the former review in 2003; namely that some people with disabilities and low income earners may be the beneficiaries of trusts set up by relatives. It is essential that such beneficiaries are not disadvantaged in these changes, so the provision of a robust, flexible concession and/or appeals system that includes genuine hardship as a reason for waiver of taxes is essential.

Thank you for this opportunity to comment on the proposed changes to land rich duty rules.