



Legislative Council Economy and Infrastructure Committee

Inquiry into Land Transfer Duty Fees

Hearing Date: 24 May 2023

Question taken on notice

Directed to: Centre for Independent Studies

Received Date: 24 May 2023

1. David Limbrick, page 27

Question Asked:

Have you seen any modelling on this? Because it is something that I have not seen a lot of. Let us say that we halved the stamp duty rate in Victoria, what sort of effect on transaction volumes would that have? I have not seen any sort of modelling that does this. Are you aware of any modelling that looks like that?

Response:

During my appearance on 24 May, I took a question on notice regarding the relationship between transfer duty and transaction volume.

I refer you to the attached analytical paper by Deloitte Access Economics in 2015, in particular pp 14 -16, suggesting that marginal variations in transfer duty rates have strong offsetting effects on transaction volumes, but not sufficient to fully offset the loss of revenue from a cut in transfer duty rates. Care would be needed in translating the results quoted in the paper to the complete abolition of transfer duty, as the relationship may well be non-linear, with marginal changes having a proportionately larger effect on volumes than complete abolition.

<https://www2.deloitte.com/content/dam/Deloitte/au/Documents/Economic/s/deloitte-au-economics-impact-stamp-duty-reform-options.pdf>