

Media Release

The Hon Tim Pallas MP

Treasurer

Minister for Industrial Relations

Minister for Trade and Investment



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STAMP DUTY REFORM TO BOOST BUSINESS, INDUSTRY AND JOBS

The Andrews Labor Government will deliver a landmark reform to abolish stamp duty for commercial and industrial properties, boosting business growth and expansion.

At the centre of an Economic Growth Package in today's *Victorian Budget 2023/24*, the lump-sum stamp duty system for commercial and industrial properties will transition to a more efficient annual property tax from 1 July 2024 to help businesses expand and create new jobs.

The cumulative increase in the size of the Victorian economy as a result of this reform is up to \$50 billion in Net Present Value terms.

From the middle of 2024, commercial and industrial properties will transition to the new system as they are sold, with the annual property tax to be payable from 10 years after the transaction.

To smooth the transition, the first purchaser of a commercial or industrial property after 1 July 2024 will be able to choose to either pay the property's final stamp duty liability as an upfront lump sum, or transition to an annual payment immediately by opting to pay fixed instalments over 10 years equal to stamp duty and interest with a government-facilitated transition loan.

Choosing the annual payment will free up much-needed capital that businesses can invest in expanding their operations and employing more workers.

Importantly, these arrangements will not apply to the current owner of any commercial or industrial property purchased before 1 July 2024.

However, once a property enters the new system after this time, stamp duty will never again be payable on a transaction and the annual property tax will apply.

The annual property tax that will ultimately replace stamp duty for commercial and industrial property will be set at a flat 1 per cent of the property's unimproved land value.

Removing upfront costs on commercial or industrial buildings will make it easier for businesses to get established and thrive, boosting economic activity, jobs and growth. It means a retail business can be more confident about moving to a new location, or a transport operator requiring additional space will have fewer barriers to expand.

The Government will consult with business and industry in coming months, with the final form of the transition to be detailed by the end of the year.

This reform does not apply to residential properties.

Quotes attributable to Treasurer Tim Pallas

"Business and industry have told us they want this reform and we've listened. These landmark changes will enable businesses to be more dynamic and agile, and to grow and employ more workers."

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“We’re removing barriers to larger investments, accelerating business growth and helping our economy grow even stronger.”

Quotes attributable to Victorian Chamber of Commerce and Industry CEO Paul Guerra

“The Victorian Chamber has been working with the State Government on this landmark and generational productivity reform which businesses across Victoria will welcome.”

“This is exactly the type of progressive tax reform that is required to free up stamp duty charges which will accelerate building upgrades, stimulate investment in commercial property and free up more capital.”