

Media Release

Mr Tim Pallas MP
Treasurer
Minister for Industrial Relations
Minister for Economic Growth



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ABOLISHING COMMERCIAL STAMP DUTY TO BENEFIT BUSINESS

The Allan Labor Government has worked with industry leaders to finalise a landmark reform that will progressively abolish stamp duty on commercial and industrial properties to encourage businesses to invest and create jobs.

Announced in the *Victorian Budget 2023-24*, the Government consulted on the details of the change with business and industry bodies, and their feedback has helped shape the final design.

Abolishing the upfront cost of stamp duty and replacing it with a more efficient Commercial and Industrial Property Tax will make it easier for businesses to set up, invest in new land and buildings and move to new locations.

It is estimated the reform will benefit the Victorian economy by up to \$50 billion in cumulative net present value terms. Commercial and industrial properties contracted from 1 July 2024 will transition to the new system.

For these properties stamp duty will be paid one last time, with the Commercial and Industrial Property Tax to be payable 10 years after the last stamp duty payment.

When these properties are next sold, stamp duty will not apply – as long as the property continues to be used for commercial and industrial purposes, and even if the property is sold prior to the Commercial and Industrial Property Tax becoming payable.

The Commercial and Industrial Property Tax will be set at a single flat rate of one per cent of a property's unimproved land value – there are no complicated graduated rates – and exemptions that apply to land tax will also apply. Administration will also be similar to arrangements for land tax, to streamline compliance.

Eligible purchasers will have the option of accessing a government-facilitated transition loan to fund their last stamp duty payment, freeing up capital for businesses to invest in expansion or employing more workers.

The loan will be provided by the Treasury Corporation of Victoria on commercial terms with a fixed interest rate. Annual repayments over 10 years will be set upfront to provide applicants with certainty. Further details on the transition loan, including eligibility requirements and terms and conditions, will be advised before 1 July 2024.

These reforms will not apply to properties whose primary purpose is residential, primary production, community services, sport, heritage or cultural. Existing stamp duty concessions for commercial and industrial properties, including the regional concession, will continue to be available.

The removal of stamp duty, which has long been seen as a barrier to growth, is supported by industry groups and independent think tanks including the Victorian Chamber of Commerce and Industry and the Grattan Institute.

Quote attributable to Treasurer Tim Pallas

“Stamp duty is a barrier for business wanting to invest and grow and that’s why we are making this landmark change. We’ve worked with businesses to get the design right and look forward to the transition beginning.”

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

“This is a bold, yet pragmatic move which will stimulate commercial property investment, development and upgrades by making more capital available.”

Media contact: Shaun Phillips 0407 553 763 | shaun.phillips@mstaff.vic.gov.au