

Funding Fairer Housing

DELIVERING CHEAPER HOUSING FOR HOMEBUYERS
THROUGH A LEVY ON AUSTRALIA'S LARGEST LAND FORTUNES



About the McKell Institute

The McKell Institute is an independent, not-for-profit research organisation dedicated to advancing practical policy solutions to contemporary issues.

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A MCKELL INSTITUTE PROPOSAL

Funding Fairer Housing

Delivering cheaper housing for homebuyers through a levy on Australia's largest land fortunes

Policy at a glance

- Tax extreme land wealth through a nationally aggregated land tax database.
- Generates an estimated \$3 billion in annual revenue.
- 100 per cent of revenue returned to states and territories on a per capita basis, conditional on a stamp duty rate cut for new dwelling purchases that will be a principal place of residence (PPR).
- This equates to a reduction in total Stamp Duty collected by states of 10 per cent.
- Targets only extreme land wealth:
 - 0.75 percent on included national land value between \$20 million and \$50 million;
 - 1.25 percent above \$50 million
- Not a 'family home tax'. The principal place of residence (PPR) is exempt unless the land value exceeds \$20 million.
- Applies to unimproved land value only. As such, only PPRs worth significantly more than \$20 million are captured.
- Supports supply through exempting land held as part of a genuine development project, as long as milestones are met and the land leaves the developers books at the end of the project; qualifying build-to-rent (BTR) is also exempt.
- Land genuinely used for agricultural production is exempt.
- Lower collection costs by leveraging existing land tax assessment systems.

Summary

Many Australians aspire to own land as the foundation for home. Against the backdrop of financial uncertainty, whether it be employment incomes disrupted by unforeseen life events and economic downturns, or diminishing opportunity for young people and future generations, homeownership provides security of tenure. The housing affordability crisis may be downgrading expectations of detached dwellings, once attainable for workers on average wages, but workers still require land if they want to own their own home.

Conflicting with the moderate aspirations of everyday Australians are powerful economic forces enabling a small number of ultra-wealthy individuals to accumulate ever-more wealth. Large portfolios of high-value landholdings underpin the problem of growing wealth inequality – a crisis manifesting in workers and future generations locked out of homeownership. From the mid-1970s Australian governments retreated from direct investment in housing construction, privatising housing supply. Insufficient supply coincided with financial deregulation and housing credit expansion from the 1970s, and changes to the taxation of capital gains from housing and other assets in 1999 drove increases in the price of residential land. Trust and corporate structures exploded as wealth-accumulation tools, making it easier and more profitable for wealthy households to accrue landholdings of all types. Now, the top 20 percent of households measured by wealth in Australia hold 73 percent of total net land wealth.¹ Public data, however, underestimates the true scale of landholding by ultra-wealthy individuals since it does not capture all land held by trusts and companies.

As wealth inequality reaches unprecedented heights around the world, there is a growing push for countries to adopt wealth taxes to curb the imbalance of economic and political power, and to restrain the cycle of unmanageable growth in extreme wealth. In Australia, the wealthiest 20 percent – around two million households – now own 146 times the wealth of the poorest 20 percent.² High-value landholding is now a key driver of rising wealth inequality. Irrespective of motivation, ultra-wealthy landholders have accumulated hundreds of billions of dollars in unearned capital gains from rising land values. These gains remain inadequately taxed, while workers pay an average 24 percent rate of income tax. If workers are taxed on their productive labour, and business is taxed on profits from running productive businesses, then the ultra-wealthy should contribute accordingly.

There are three ways that concentrated land wealth can be taxed. These are not mutually exclusive and could be combined in a multi-dimensional effort to address wealth inequality, slow house price growth, and make the tax system fairer and more sustainable: (1) close the Capital Gains Tax (CGT) discount that taxes gains from selling

¹ ABS National Accounts Distribution of Income, Consumption and Wealth. Table 1.9. Most recent data available for 2019-29. Author's calculations.

² As above.

property taxed at half the rate of wage income; (2) levy an annual tax on the overall land value people own; and (3) tax inheritances and gifts when large wealth stocks are transferred.

Speculation is growing that the federal government will consider CGT reform in Budget 2026. With ample public attention on the inequities generated by the CGT discount,³ greater engagement with wealth tax proposals from the other two channels, while politically difficult, is required if Australia is to curb growing wealth inequality.

The good news is Australia already has a world-class form of wealth tax; Land Tax. States and territories currently levy land taxes on non-primary residence land, but there is no national system to account for ultra-wealthy landholders with national portfolios. We propose a national land levy on the accumulated landholdings of ultra-wealthy individuals and spouses valued over \$20 million, including any principal place of residence. It is called the 'Extreme Land Wealth Levy', or ELWL.

The ELWL is a wealth tax on the ultra-wealthy, not on average workers or their homes. A national land levy on extreme high-value land portfolios, including residential, industrial, commercial and vacant land would apply to only the highest wealth individuals – the top 1 per cent of households. We estimate the ELWL could raise \$3 billion per year. Land genuinely used for primary production would be excluded, and the ELWL would not replace state land taxes.

The economic and equity case for a wealth tax on high-value landholding is strong. Higher land prices are not primarily due to personal capital improvements or labour, but a mix of interest rates, tax policy, housing supply, infrastructure, and demographics. The inherent scarcity of land itself means holding large parcels of valuable land appreciates prices. As the population increases, the quantity of land with desirable attributes, such as proximity to the city or good transport links, diminishes in proportion to demand. Public investment in roads, public transport, healthcare and schools raise land prices.⁴ Hospitality businesses and the arts, often run by low-paid, young workers, make suburbs more desirable, increasing amenity and thereby raising land prices. In this way, rising capital gains on land is due to collective investment by workers, taxpayers and the community, with the benefits unfairly privately retained.

By distorting investment decisions, our tax system is highly inefficient with regard to resource allocation. It favours passive investment to generate increases in wealth (e.g. waiting for population growth and public investment to increase prices), which is then taxed very favourably. The volume of wealth tied up in passive investment is

³ The McKell Institute has proposed a supply-positive, revenue-neutral CGT reform. See Holden, R. and Cavanough, E. 2025. *Harnessing Aspiration*, The McKell Institute.

⁴ For a summary of studies demonstrating how public investment accrues in private gains to landowners see Brenig, R. and Sobek, K. (2025) Wealth inequality and the tax system. Tax and Transfer Policy Institute, Crawford School of Public Policy, ANU.

enormous, and unaligned with the task of building a more productive, sustainable, jobs-rich economy. To give an idea of scale, the total land value in Australia is \$10.4 trillion, of which, 80 percent is residential.⁵

Land taxes are regularly noted as very efficient taxes, as a land tax does not distort behaviour in the economy. Where higher taxes on labour may disincentivise work, reducing labour supply, or higher taxes on capital may reduce investment, land supply is fixed. This means a tax on land cannot result in less land being available, and the tax does not penalise improvements or productive investment on the land. In fact, land tax can encourage landowners to develop vacant or underutilised land to generate revenue, which can increase housing supply, productivity, and higher revenues. Land is also immobile and a reliable proxy for measuring total net-worth of high net-worth individuals. As such, the ELWL could serve as a useful step in the process of curbing the concentration of extreme wealth in Australia.

While a land tax has these advantageous features, stamp duty is widely regarded by economists as having adverse effects because it reduces labour mobility, traps homeowners in houses too big or small, imposes extra savings hurdles for first home buyers, and magnifies the effect of high house prices as the tax is levied on property values. We propose that all revenue generated by the ELWL is hypothecated back to states for the explicit purpose of funding reductions to stamp duty rates for the purchase of new dwellings that will be a principal place of residence (PPR), including for first home buyers, relocators and downsizers. Investors would not receive stamp duty reductions, shifting the relative tax burden from homeowners to investors. Only new dwelling purchases would receive stamp duty cuts, supporting increased housing supply.

The ELWL means the wealthiest landholders pay more, and people buying new homes pay less. It can make a modest contribution to addressing wealth inequality, taking a small amount of wealth from the very wealthy (top 1 percent) and providing a tax break to hard working Australians buying new homes. It can reduce effective demand for high net-worth individuals and investors and encourage an increase in new dwelling construction, while supporting workers struggling to afford their own home. By improving government's capacity to map wealth-holding across various entities, and by including high-value PPRs, the ELWL establishes novel tax infrastructure that can be utilised for more ambitious future wealth tax proposals.

⁵ Australian Bureau of Statistics, Australian System of National Accounts, 2024-25

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Wealth inequality and land ownership

Understanding how the tax system relates to inequality requires understanding the difference between *income* inequality and *wealth* inequality. Measuring inequality based on income shows the different level of incomes received from employment, interest, profits, dividends, rents and government payments. Measuring inequality based on wealth shows the different levels of asset stocks owned by households, like land, housing, shares and savings. The two are associated since wealth enables its owners to get additional income flows like rent from land and property, dividends from shares and interest payments from savings. Extra income can then help wealth-holders purchase more assets.

But since we are interested in the unequal concentration of the accumulated stock of wealth, rather than incomes which are more variable over the life course, measuring wealth inequality based on net wealth is best. High-wealth low-income households including retirees who own assets outright are better measured, and their inclusion provides a clearer account of economic advantage and financial stability.

The most recent Australian Bureau of Statistics (ABS) data for wealth by quintile is for 2019-20. This data shows the wealthiest 20 percent – around two million households – own 146 times the wealth of the poorest 20 percent.⁶ A report by Australian Council of Social Services (ACOSS) and University of NSW (UNSW) (2024) uses updated inequality by decile data for 2022, evidencing dramatic wealth concentration among a smaller group, with the top 10 percent of households holding almost half of all household wealth (45.2 percent). The wealth to population ratio then inverts, with the bottom half of households holding just 10 percent of all wealth.⁷ Housing and land comprise two-thirds (66 percent) of total net household wealth.⁸ Land is more valuable than housing, comprising 78 percent of combined house and land wealth, and over half (52 percent) of total net household wealth. But it is more important to the net wealth of lower-wealth households who are less likely to hold large superannuation balances or shares, like wealthier, older households. This is expected in a country where workers invest a high share of their assets in land as their primary residence.

ABS National Accounts releases data on the land value owned by different households. This allows for an assessment of the distribution of net land wealth – i.e. land wealth less debt. Using data for year 2019-20 (most recent available), total loan and placements liabilities are deducted from total land assets held for each wealth quintile, with the results in Figure 1 below. This data underestimates total land value with median residential land prices rising 39 percent since 2019⁹, as not all house price growth translates into larger liabilities since many households will have paid off

⁶ ABS National Accounts Distribution of Income, Consumption and Wealth. Table 1.9

⁷ ACOSS and UNSW, *Inequality in Australia 2024: Who Is Affected and How*, Poverty and Inequality Partnership (ACOSS/UNSW, 2024).

⁸ ABS National Accounts Distribution of Income, Consumption and Wealth. Table 1.11. Data for 2021-22.

⁹ Housing Industry Association (2025). 'Land sales plummet as prices soar'. At March Qtr 2025.

loans. This data also underestimates net land wealth positions due to the inclusion of all loan liabilities (i.e. not only mortgages).

Despite qualifications, the scale of land wealth inequality is immense. Figure 1 shows the wealthiest 20 percent of households own over \$2 trillion in net land value, representing 73 percent of total net land wealth for all households. The least-wealthy 40 percent of households actually have negative net land wealth, with their loans exceeding land assets, consistent with mortgaged households working to pay off loans. For these four million households, disproportionately young and wage earners, the bank owns their land. Moving down the wealth ladder, the fourth quintile own 24 percent of net land wealth and the third quintile own 9 percent.

Figure 1. Net land wealth (NLW) distribution by wealth quintile (2019-20)

Wealth quintile	NLW (\$bn)	NLW as % of total NLW
Lowest	-80.9	-3%
Second	-90.1	-3%
Third	259.0	9%
Fourth	685.2	24%
Highest	2,075.1	73%
All households	2,848.3	100%

Data: ABS National Accounts Distribution of Income, Consumption and Wealth. Table 1.9.

Author's calculations.

Available public data almost certainly understates the true scale of landholdings at the extreme top end of wealth holders. First, net land wealth distributions are presented in broad quintiles, which are useful for context, but necessarily mask the very top tail (the small number of households with land portfolios far above the rest of the top quintile). Second, administrative datasets that do observe high-value holdings often record ownership on a legal owner or assessment basis rather than by the ultimate controlling individual. For example, Revenue NSW's premium land tax dataset is aggregated by the postcode of the liable party to the assessment ('client'), and small cells are redacted where counts are <10, limiting visibility into the distribution's top end. In parallel, Australian Tax Office (ATO) data obtained under Freedom of Information (FOI) and reported by the ABC shows at least 2,500 investors own or part-own 10 or more rental properties, controlling more than 33,200 rentals; within this group, 172 investors have interests in 20 or more properties (about 4,395 rentals). But even this ATO dataset is not a holistic view since it does not capture rentals held in companies or trusts, or properties without rental income. This matters because high-wealth landholders commonly use trust and corporate structures, and under state land tax rules the trustee (not the beneficiaries) can be treated as the owner for land tax purposes. Together, these factors point to a systematic data gap. The best available public data is likely a floor, not a full census, of the land wealth held by very

high-net-worth individuals. This reinforces the rationale for a Commonwealth overlay that aggregates national portfolios and looks through to land held by controlled entities.¹⁰

Our proposal

We propose the creation of a Commonwealth-administered Extreme Land Wealth Levy (ELWL) that applies only to the largest land portfolios in Australia, assessed on a national basis, using existing state valuation systems.

Every dollar raised by the ELWL is returned to the states (on a per capita basis) to fund stamp duty rate cuts exclusively for purchases of new dwellings that are a principal place of residence. The effect of this proposal is:

- The top end of land wealth pays more
- First home buyers, movers and downsizers benefit from lower stamp duty
- New housing supply is encouraged
- Collection costs are kept low by using existing state land tax administrations.

Currently, all states and territories offer stamp duty exemption or reduction schemes for first-home buyers purchasing new dwellings, but some states extend their schemes for the purchase of established properties, and have higher caps.¹¹ ELWL funds should increase the scope of existing schemes, while also ensuring existing schemes do not diminish benefits received from the ELWL. To address these goals, we propose that ELWL-funded stamp duty relief be provided to states and territories who meet the criteria of a new dwelling purchase, by an owner-occupier, below the dwelling cap of 50 percent above median dwelling prices within each jurisdiction. Where state schemes are more generous than others, they may retain ELWL revenue for other budget pressures.

States would have a strong incentive to participate in data-sharing arrangements required for the federal government to assess national portfolios and levy the ELWL, as states will face the choice to either:

1. Share data with the Commonwealth and receive funding to cut stamp duty for owner occupiers and boost housing supply in their state, or;

¹⁰ ABC News, *Data reveals small number of property investors control big chunk of Australian rentals*, 16 October 2024

¹¹ Currently, all states and territories provide stamp duty reductions or exemptions for first home buyers. Tax relief is limited to the purchase of existing dwellings in SA and NT, while all other jurisdictions offer exemptions and/or reductions for both new and established dwellings. Property value caps are set around median dwelling prices, with the exception of Queensland which has no price caps on new dwellings.

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2. Opt-out of sharing data for the express purpose of not impacting high net-worth landholders and investors, at the expense of stamp duty cuts and housing for first home buyers, movers and downsizers.

How it works

1. Who is assessed

The ELWL is designed to target extreme personal land wealth. The ELWL is assessed on an aggregated national land portfolio for an individual and their spouse/partner (including de facto), including foreign residents. Liability is imposed on the personal fortunes of individuals (and their spouse/partner), not on companies or institutions. However, where an individual controls an entity that owns land, the land is attributed to the controlling individual for ELWL purposes. This prevents high-net-worth individuals using entity layering to sit below thresholds.

For example, let's say Sam owns a harbourside Sydney mansion valued at \$60 million, with approximately 80 percent of the home's value in land at \$50 million. Let's say, he also owns industrial land in regional South Australia worth approximately \$100 million. Even if the Sydney mansion was Sam's PPR, it is valued over \$20 million and is liable for the ELWL. Sam also pays tax on the value of the industrial land in regional South Australia. Given Sam's assessable land value is valued at \$130 million, he would be liable for an ELWL of \$1.225 million each year.

The entity look-through system is designed to prevent high net-worth individuals using trusts and companies to fragment holdings below the ELWL thresholds. To avoid unintended impacts on widely held companies, entity look-through is confined to circumstances where an individual has effective control. Effective control is defined as majority voting rights or shareholdings, or capacity to direct or influence decisions about the entity's financial and operating policies.¹²

Where control exists through a company, or fixed trust, land value is attributed in proportion to the share of the entity that the liable person owns. In other words, if a person has a controlling stake in a company, the look-through system apportions the share of land value held by the company to the controlling person in proportion to that person's stake in the company. For example, if a single person owned 60 per cent of a major commercial enterprise that had land value on its books above the ELWL threshold, then that person would be liable for the ELWL on 60 per cent of the company's land value.

¹² Further information on controlling individuals below.

People with large, but minority, stakes in very large companies with significant land holdings would not be subject to the tax, e.g. shareholders in widely owned mining or industrial companies, and people with very large superannuation balances. A detailed table outlining examples of who would or would not be liable is outlined in Appendix A.

2. Land included and valuation

The Commonwealth would define what is ‘included land’ for levy purposes. ‘Included land’ captures most land held as part of an extremely high-value land portfolios, including residential, commercial and industrial land, and vacant land.

The ELWL is a value tax which only targets land of high value.¹³ The value of the land is derived from the economic rent or income that the land can generate over time, which is different to a unit land tax based on the size of land held.¹⁴ The value of land is measured using each state and territory’s statutory land-only values, i.e. market price unimproved land values (without buildings, houses and other capital improvements). This avoids the creation of any significant federal valuation bureaucracy and avoids relying on inconsistent state definitions of taxable land.

The Commonwealth calculates the levy using the annual valuation inputs received from each jurisdiction, aggregated to a national portfolio total.

3. ELWL thresholds

The ELWL is levied on land values of \$20 million and above. This base threshold was chosen to ensure the scheme captures only the assessable land value of the very wealthy, with clear capacity to meet liabilities. Individuals in the highest percentile of wealth with the highest value land holdings in the nation are subjected to the higher \$50 million rate.

The ELWL is only levied on land value above these thresholds. For example, individuals who own a property portfolio with assessable land value totalling \$21 million will only pay 0.75 per cent on \$1 million, or \$7,500 extra tax in the year. An individual who owns a property portfolio with assessable land value totalling \$50 million will also pay the 0.75 per cent rate, or \$225,000 extra in tax for the year. An owner of a portfolio with assessable land value of \$70 million will be liable for 0.75 percent on \$30 million (the value above \$20 million threshold), and 1.25 percent on \$20 million (the value above the \$50 million threshold), with a total \$475,000 in ELWL.

¹³ While land value taxation is fundamentally efficient, the IMF finds targeting land taxes at high land value concentration reduces any tax burden on low-income households. See Schwerhoff, G., Edenhofer, O. and Fleurbaey, M. 2022. *Equity and Efficiency Effects of Land Value Taxation*. International Monetary Fund. WP/22/263.

¹⁴ Thus it would still be profitable to keep land of low value, ensuring no distortionary outcomes.

A reminder that the ELWL only applies to *land value*, not the buildings on the land. This means property portfolios impacted by the ELWL will have combined values notably higher than ELWL thresholds.

4. Principal place of residence (PPR)

The ELWL is not a broad family home tax. The PPR is exempt unless the statutory land value of the PPR exceeds \$20 million. To reduce any claim the ELWL results in ‘forced sales’ (i.e. the involuntary liquidation of assets) and to manage any impacts on cashflow of asset-rich, income-poor households in super-prime homes, ELWL liabilities attributable to the PPR can be deferred until sale or transfer (with interest) if the homeowner meets certain eligibility criteria.

5. Primary production exclusion (with an anti-hobby farm test)

Genuine primary production land (including commercial forestry/tree farming) is excluded. This is an important safeguard for farmers engaged in genuine agricultural activities, and regional production businesses. To prevent tax avoidance through ‘hobby farm’ restructuring, the exclusion would be subject to an activity test modelled on existing state concepts: the dominant use of the land must be primary production, undertaken with a commercial/profit-making purpose, supported by objective evidence (e.g., production outputs, turnover, input costs, water licences, livestock numbers, agistment contracts).

6. Build-to-rent exemption

Importantly build-to-rent (BTR) developments are explicitly exempt (not merely deferred). This is to avoid disincentivising large-scale rental housing supply since an ELWL on BTR developers holding rental housing on their books long-term would result in higher costs for BTR than developers simply building and selling homes.

The simplest approach is to align eligibility for exemption to the existing Commonwealth BTR framework, including minimum development scale and a 15-year rental commitment.

7. Protecting housing supply: land used for development exempt

The ELWL is aimed at extreme land wealth and unproductive landholding, not land held for the active construction of new homes. Genuine housing delivery land is subject to deferred accrual. The ELWL amount attributable to qualifying development land is not payable up-front. It becomes payable only if objective development milestones slip (without a valid reason), and it is dissolved on timely delivery when the land exits the developer’s ownership through completion and sale/transfer. Developers remain liable for ELWL on non-development land held as part of their personal stock of wealth once their aggregated included national land value exceeds the thresholds.

Land value attributable to developers through controlled development entities is treated as qualifying development land and is therefore subject to deferred accrual while milestones are met. Where milestones are not met without valid reason, indicating land banking or long-term passive holding, the deferred amount crystallises and ELWL becomes payable.

8. Payment, instalments, and hardship

To manage any problems with payment of the ELWL related to restricted cashflow (such as for highly leveraged investors), options for payment by instalment and hardship arrangements can be implemented, including structured payment plans in appropriate circumstances. This mirrors existing state practice for the payment of outstanding liabilities.

Indicative fiscal impacts

Australia does not publish comprehensive data on national land portfolios by controlling individual. To produce an indicative estimate of potential revenue generated from a national levy on extreme land wealth using public data, we use Revenue NSW's premium land tax published data which shows the number of assessments and land tax paid for landholdings over \$6.6 million.¹⁵ We used this data as a transparent anchor for the 'top tail' of landholdings, applying a standard heavy-tail assumption about how holdings are distributed within that cohort, and used it to estimate how much land value sits above the proposed \$20 million and \$50 million thresholds. We then applied the proposed ELWL rates to the estimated above-threshold land value to produce an NSW-equivalent revenue estimate. We adjusted the NSW cohort from 'assessments' to 'effective controlling-person groups' to reflect national aggregation and look-through (including multi-entity structures and interstate holdings), and then scaled the NSW estimate to a national figure using ABS land tax aggregates.

The central estimate is that the ELWL would raise approximately **\$3 billion per year** nationally. This is equivalent to approximately 10 percent of annual stamp duties on conveyances (in year 2023-24), enabling a meaningful reduction in stamp duty rates across all jurisdictions.

This should be treated as indicative only. The final fiscal impact will depend on behavioural responses, the detailed definition of included land and carve-outs (particularly BTR and development deferrals), and national portfolio aggregation effects.

¹⁵ Revenue NSW, Land tax premium threshold data 2024. Australian Bureau of Statistics, Taxation Revenue 2023-24.

Integrity and administration

Grouping and control rules

Controlled entities are grouped to the controlling individual(s) using standard control concepts suitable for high-net-worth integrity settings. These are aligned with state government land tax arrangements for identifying individuals with controlling interest in the case of foreign corporations and trusts.¹⁶

- More than 50 percent of the voting power or potential voting power
- More than 50 percent interest in issued shares or capital of the estate in a trust
- Capacity to direct or influence decisions about the entity's financial and operating policies

Control Statement regime (targeted disclosure)

Since state land title and land tax datasets often record legal ownership (for example, a trustee company, custodian or nominee) rather than the controlling individual, an ELWL integrity layer is required.

A targeted Control Statement regime would apply to high-value landholding entities. As an initial setting for public release, the Control Statement threshold is proposed at \$15 million in total statutory land value held by the entity (or entity group). The statement would disclose controlling individuals and their relevant control interests to enable correct national aggregation and to deter fragmentation gaming. \$15 million is targeted to account for the reasonably high likelihood that the land owner will cross the threshold in the near-future, so that they can be aligned with the ELWL as soon as they cross it. This will benefit the integrity of the tax system, as well as assist in preventing cash flow shocks from crossing the threshold and incurring large tax debts with minimal warning.

Appropriate penalties would apply for refusal, non-disclosure or false disclosure. Penalties should be designed so that disclosure is the easier and cheaper option than withholding information, and so deliberate obfuscation is uneconomic.

¹⁶ Victorian State Revenue Office, 'Landholder definitions'. See <https://www.sro.vic.gov.au/buying-property/landholder-duty/landholder-definitions#16>

Why hasn't Australia introduced a land tax yet?

The economic case for land taxes is robust, but the political economy is more difficult. The barriers to implementing taxation on landholding reside in our unique history, where land ownership expectations are high and broadly held across the population. This is due to the centrality of land distribution in the resolution of 240 years of class conflicts. Since colonisation in the late-18th century, cheap or free land has been distributed by the state as a reward for service, political patronage, and for collective worker organisation in unions. This is visible in large landholdings gifted by the British administration to their own, ex-convict labourers granted land upon freedom, soldier settlement schemes for returned veterans, and post-war integration of owner-occupation as the universal benchmark for workers' living standards. For many who settled here, Australia offered prosperity through landholding – something unachievable for many in their 'mother' countries. This has made wealth synonymous with land and housing for many people, and housing a product of hard work: the 'home owners' democracy'.

This is why full land taxation is more difficult to implement. Many Australians think property tax breaks are normal tools for getting ahead and fear that any reform will personally impact them. Distributional concerns are addressed by this proposal. By deliberating targeting extreme high wealth individuals, we are demonstrating clearly that this is not a tax on average people seeking financial security for their families

While states currently levy land taxes, there's no reason the federal government cannot implement land taxes too. Australia once had a national land tax from 1910-52 when the federal government levied a progressive, annual tax on the unimproved value of large, underutilised or absentee-owned land for the purpose of breaking up large estates. It was abolished due to high collection costs (4 percent of total revenue), but the Commonwealth can reduce collection costs for the ELWL by leveraging existing state land tax administrations.

Broad-based land tax

The ELWL is designed to target only ultra-wealthy landholders, but the principles of land tax suggest including a larger proportion of households by reducing the \$20 million threshold, or introducing a broad-based land tax (discussed below), could result in greater benefits that could expand the social wage, reboot public housing construction, or reduce taxes on earned income.

The strong case for land taxes has been established by economists since the 18th century. Eminent economists like Adam Smith (1776), Henry George (1879) and more recently, Thomas Piketty (2016) and Joseph Stiglitz (2013) have

advocated for land taxes.¹⁷ Broad-based land taxes to fund stamp duty cuts and reduce wealth inequality enjoy support among economists in Australia including Eslake, Breunig and Sobeck.¹⁸

New revenue generated by a broad-based land tax could fund the construction of non-market housing, and improved healthcare and education services. Wider redistributive proposals have additional significance in Australia, since Aboriginal and Torres Strait Islander people disproportionately depend on services, and whose land is the uncompensated resource underpinning a significant volume of wealth creation in Australia.

A broad-based land tax could also fund a reduction in taxes on labour incomes. Evidence suggests while more middle-income households would pay the land tax, they could pay less in absolute terms through a decrease in labour income taxes. Low-income households would benefit as they would pay little land tax and benefit from lower labour income taxes. Higher net labour incomes would assist with debt financing for any leveraged households. With broader revenue recycling, land value taxation would reduce the net tax burden on low- and middle-income earners as they would benefit more from higher government revenues than they pay in additional taxes.

¹⁷ Stiglitz, J. E. (2015). 'The origins of inequality and policies to contain it'. *National Tax Journal*, Vol. 68, No. 2, pp. 425-448.

¹⁸ Eslake, S. 'Entertaining more substantial tax reform options', August 2025.

Breunig, R. and Sobeck, K. 'Wealth inequality and the tax system', Tax and Transfer Policy Institute, ANU

Appendix A: Who is liable?

ELWL is a tax on direct and attributable land value, not on shareholdings or super balances. Owning shares in a listed company or holding savings in a pooled super fund does not create ELWL liability unless the person controls a landholding entity and their attributable land value exceeds the thresholds. Genuine and timely property development is exempt from the ELWL.

Situation	Liable for ELWL?	Why?
Person has \$10m–\$30m in an industry/retail super fund (balanced portfolio, including property exposure through pooled funds)	No	They don't control the fund or its assets. The super fund is a widely held vehicle with no single controlling natural person, so ELWL does not look through to individual members. The policy targets <i>personal land portfolios</i> , not ordinary retirement savings.
Person has a very large super balance in a self-managed super fund (SMSF), but it's invested only in ASX shares/cash (no direct property/land)	No	ELWL only applies to included land value. Shares/cash are not land. The fact the person controls the SMSF doesn't matter unless the SMSF actually owns land. SMSFs are "private super funds you manage yourself". Members are trustees / responsible for decisions.
Person has a very large super balance in an SMSF and the SMSF owns \$30m+ of land directly (e.g., commercial property)	Yes (likely)	The SMSF is effectively controlled by the member(s) (they run it and are responsible), and if it holds land, the land is attributable to the controlling individual for ELWL purposes.
SMSF with 2 members holds \$60m of land	Yes (apportioned)	Liability should be attributed to the member/controllers (e.g., pro-rata by member interest or control arrangements), rather than "taxing the SMSF as an institution". If liability apportioned based on ownership share exceeds thresholds, then they will be liable.
An APRA-regulated super fund (industry/retail) holds large property/land investments	No	ELWL look-through is triggered by effective control (or acting in concert), not passive shareholding.
Person holds 2%–10% of BHP (or any widely held ASX-listed company), no control	No	Owning shares ≠ owning land. Widely held listed companies are not looked through unless there is a controlling natural person. The shareholder is not assessed on the company's land.
Person holds a large stake in a listed company but still has no control (e.g., 15% with no ability to appoint directors/influence strategy)	No	Size alone shouldn't trigger look-through. Control is what matters. Large but non-controlling individuals aren't captured.

Person acquires a controlling stake in a land-rich listed company (e.g., 51% + control rights)	Yes	Control triggers look-through, but attribution should be pro-rata to economic interest (e.g., 51% of the company's included land value). If that attributable land value pushes them over \$20m/\$50m, ELWL applies.
Person owns units in an ASX-listed REIT/property trust, no control	No	Same logic as BHP shares: it's a financial investment in a widely held vehicle. Not a personal land portfolio for ELWL.
Person controls a listed REIT/property trust (unusual, but possible)	Yes (likely, pro-rata)	If they are genuinely the controller, look-through applies; attribution is pro-rata to their economic interest.
A property developer develops a qualifying BTR project	No (BTR exempt)	Even if the entity holds land, qualifying BTR is explicitly exempt, and you're not trying to deter rental supply.
Small developer owns one development site worth \$12m (land value) and no other included land	No	Below the \$20m threshold.
Developer controls two special purpose vehicles (SPVs) holding housing sites worth \$11m and \$13m (total \$24m), approvals secured and works commenced on schedule	Deferred accrual (not paid up-front)	Land is aggregated to the controlling person, but because it is genuine housing development land meeting milestones, ELWL accrues as a deferred debt rather than being payable during construction. The debt is dissolved if development milestones are met and the land holding is cleared from the developer's book within an agreed amount of time.
Same as above, but the sites stall (miss approvals, commencement, delivery milestones without genuine justification)	Yes — accrued ELWL becomes payable	Missing milestones triggers payment of the accrued ELWL (with interest), preventing land-banking.
Developer holds a \$35m housing site and delivers within reasonable timeframe; land exits their ownership via sale of completed lots/strata titles	Debt dissolved on delivery	ELWL debt accrued during development is dissolved once housing is delivered in time and the development land is no longer held by the developer.
Developer holds \$80m of land: \$50m is active housing pipeline, \$30m is vacant "land bank" with no progress	Mixed: deferred on pipeline land; payable on land bank	Only qualifying development land gets deferred accrual. Non-development land remains fully assessable and payable.
Developer is building qualifying BTR	No	BTR is explicitly exempt to protect long-term rental supply.

Appendix B: Policy parameters

National assessment using existing state systems

The ELWL does not replace state land tax systems or require harmonising state thresholds and rates. The Commonwealth overlay solves a narrow but important information problem: aggregating a person's national land portfolio.

A minimum annual data feed from each jurisdiction would include:

- parcel identifier and jurisdiction
- owner identifier(s) and ownership share (as recorded)
- statutory land-only value and valuation date
- classification flags (e.g., residential, commercial, industrial, rural/primary production; PPR indicator where available)
- metadata needed to apply deferrals/exemptions and to support audit and compliance

The Commonwealth should apply strong privacy protections: data minimisation, secure transfer and storage, strict limits on use and disclosure, and transparent annual reporting of aggregate outcomes (not individual holdings).

Governance and transparency

The Commonwealth should publish an annual ELWL report covering: total revenue raised; number of taxpayers; distribution of liabilities across bands; amounts returned to each jurisdiction; and each jurisdiction's implementation of the required stamp duty rate cut. A statutory review after 2-3 years should assess integrity, administration and economic impacts and advise on refinements.

Implementation pathway

Phase 1: Intergovernmental Agreement and data standard

Negotiate an Intergovernmental Agreement with states and territories setting out:

- the annual data-sharing standard (inputs and privacy/security requirements)
- the per-capita revenue recycling formula
- the condition that jurisdictions implement a stamp duty rate cut to receive payments
- the reporting framework and review timetable

Phase 2: Legislative package

Legislation can be structured as a bundle to separate taxing power from administration and data:

- Imposition Act - sets out the levy rates and the liability framework (individual + spouse/partner; controlled entities).
- Assessment and Administration Act - defines included land and carve-outs, deferrals (PPR and development), payment arrangements, and the Control Statement regime (including penalties).
- Data Sharing and Payments Act (or IGA-linked appropriation) - establishes the per-capita redistribution mechanism and the stamp duty cut condition.

Phase 3: Bedding-in period

A practical bedding-in approach would involve:

- Year 0: establish data feeds, run 'shadow' assessments, allow taxpayers to update Control Statements without penalty during a transition window.
- Year 1: first live assessments issued; PPR deferral and development deferral operational from day one.
- Year 2: first full-year redistribution to states, conditional on stamp duty rate cuts being legislated and commenced.

A statutory review after 2-3 years should assess compliance, integrity, administration costs, and interaction with housing supply and stamp duty reform.

Key policy parameters

Tax base	Included land as defined by the Commonwealth, valued using each jurisdiction's statutory land-only valuation.
Who is assessed	Individual + spouse/partner (including de facto), plus land held through controlled entities.
Thresholds	\$20m and \$50m (included national land value). No indexation (thresholds can be reviewed periodically, like income tax brackets).
Rates	0.75 percent p.a. on the portion between \$20m and \$50m; 1.25 percent p.a. on the portion above \$50m.
PPR	Exempt unless PPR land value exceeds \$20m; only the portion above \$20m is included. PPR liabilities can be deferred until sale/transfer (with interest) under specific circumstances.
Primary production	Excluded where land is genuinely used for primary production (activity test to prevent 'hobby farm' avoidance).
Build-to-rent	Explicitly exempt where developments meet the Commonwealth BTR criteria (e.g., minimum scale and 15-year rental commitment).
Housing development	Time-limited deferral for land genuinely being developed for housing supply, linked to objective milestones (approval, commencement, delivery) with flexibility for demonstrated genuine delays.
Revenue use	100 percent of ELWL revenue returned to states/territories on a per-capita basis, conditional on a stamp duty rate cut for non-investors purchasing new dwellings.

Risks and safeguards

“This is a family home tax”

PPR is exempt unless land value exceeds \$20m. Only the portion above \$20m is included, and liabilities can be deferred until sale/transfer under specific hardship circumstances.

“This will force people to sell”

PPR deferral (with interest) reduces cashflow pressures. Instalment and hardship options mirror existing state practice.

“This is anti-farmer / it will hit hobby farms”

Genuine primary production is excluded, subject to an activity/profit test to prevent hobby farm avoidance. A value-density safe harbour reduces compliance for genuine rural land.

“This will kill development or rental supply”

Housing development deferral linked to objective milestones protects genuine projects. Qualifying BTR is explicitly exempt.

“Canberra cash grab / federal overreach”

All revenue is returned to states and territories on a per-capita basis to fund stamp duty cuts. The Commonwealth’s role is national aggregation, not replacing state land tax.

“Wealth tax by stealth”

The ELWL is a targeted levy on extreme land wealth, designed to improve the tax mix by funding stamp duty cuts. Thresholds are deliberately very high and the base uses existing valuation systems.

Appendix C: Revenue estimates

Purpose and scope

This appendix outlines the methodology used to establish revenue estimates for the ELWL. It also includes sensitivity analysis on the overall figure from adjustments to some of the key assumptions used to derive this figure. The estimate is intended as an order-of-magnitude, pre-implementation model, to be refined once national landholding data-sharing arrangements enable direct portfolio aggregation.

Overview of process

1. Publicly available data from NSW on land subject to the premium land tax surcharge is used to establish the size and shape of the 'top tail' of taxable landholdings.
2. Take the NSW assessments dataset and translate it into an approximate distribution of controlling-person land portfolios using an aggregation (consolidation) factor.
3. Apply the levy schedule to the resulting distribution to estimate how much revenue would be generated from the proposed scheme if just applied to high-end holdings in NSW.
4. Scale NSW to Australia using ABS aggregate land tax revenues, and compare the estimate to national stamp duty on conveyances.

Data sources

The model relies on the following public sources:

- Revenue NSW – Land tax premium data set 2024 and dataset notes.
- Australian Bureau of Statistics - taxation Revenue, Australia (2023-24).

Definitions and parameters

Symbol	Definition	Central value used
V_NSW	Total taxable land value in the NSW premium cohort (DSODLT-003)	\$215,594m
N_assess	Number of NSW premium 'assessments' (range due to redaction)	10,810 (range 10,086–11,534)
C	Aggregation (consolidation) factor converting state assessments to national controlling-person groups; captures entity consolidation and multi-jurisdiction overlap	0.20
N_eff	Effective number of controlling-person groups in NSW premium cohort	8,648
x_min	NSW land tax premium threshold (tail entry point)	\$6.571m
a, b	Levy thresholds	\$20m, \$50m
r1, r2	Levy rates (0.75% in [a,b], 1.25% above b)	0.75%, 1.25%
S	National scaling factor = (all-states land tax) ÷ (NSW land tax), ABS 2023–24	2.568
SD	National stamp duty on conveyances (ABS 2023–24)	\$30,812m

Calculation

This method for calculating the total revenue raised by ELWL is summarised in detail below.

1. Revenue NSW publishes an open dataset showing the total taxable land value and number of land-tax assessments above the premium threshold. This provides a transparent anchor for the “top end” of landholdings in the largest land-tax jurisdiction. We then scale to reflect that portfolios will be national rather than exclusively state-based.
 - The published NSW premium dataset shows a total taxable land value of \$215.6 billion in 2024.
 - The dataset is published on an assessment/client basis (not individual controlling persons), aggregated by postcode. Small counts are redacted in the assessment count field.
 - Using the published data, we estimate the number of premium assessments at 10,810 in the central case, with a plausible range of 10,086 to 11,534 due to redaction.
 - NSW land tax revenue: \$7,077 million in 2023-24.

2. Convert NSW assessments into national “controlling-person groups” (ELWL basis) ELWL is assessed on individual and spouse/partner, with look-through to controlled entities, and on a national basis. The NSW dataset, by contrast, is NSW-only and published by assessment/client.

To reflect the consolidation that occurs when portfolios are grouped to controlling persons (including entity layering and multi-jurisdiction holdings), we apply an aggregation factor of $c = 0.20$ in the central case (i.e., a 20 percent reduction in “effective groups” relative to published assessment counts).

With the calibration factor applied, we estimate that the mean holding size in the NSW premium cohort is approximately \$25 million.

3. Infer how much value sits above \$20 million and \$50 million using a standard ‘top tail’ model. Using the NSW premium threshold as the entry point for the tail, we apply a standard heavy-tail (Pareto) assumption calibrated to match the premium cohort totals. This allows us to estimate the amount of land value sitting above the ELWL thresholds, without access to individual-level microdata.
4. The result of those inputs produces:
 - Effective number of “controlling-person groups” in the NSW premium cohort becomes:
 $N_{\text{eff}} = 10,810 \times (1 - 0.20) = 8,648$ groups (central case).

- Applying the ELWL rate schedule to that calibrated “top tail” produces an NSW estimate of roughly: \$1.18 billion per year (NSW-equivalent, central case).
- We then scale to the national level using the ABS land-tax ratio (2.568×), giving a national indicative estimate of: \$3.04 billion per year (central case).
- As a share of stamp duty on conveyances (ABS 2023–24): \$3.04 billion / \$30.81 billion = 9.9 percent.

Central estimate summary

Metric	Central estimate	Notes
NSW revenue (premium cohort)	\$1,183m	Derived from DSODLT-003 premium cohort, with aggregation factor applied.
National revenue (scaled)	\$3,039m	Scaled using $s = 2.568$ (ABS land tax totals, 2023–24).
Share of stamp duty (conveyances)	9.9%	Compared to ABS stamp duty on conveyances (2023–24).

Sensitivity analysis

Given the model above is based on a small number of high-impact assumptions (particularly aggregation and representativeness), we present sensitivities to illustrate how the estimate moves under alternative plausible parameter settings.

The table below shows the impact of simultaneously moving key assumptions to low, middle and high settings.

Scenario	N_assess	c	s	R_AUS (AUD m)	% of stamp duty
Low	11,534	0.10	2.311	\$2,192m	7.1%
Middle (central)	10,810	0.20	2.568	\$3,039m	9.9%
High	10,086	0.30	2.824	\$4,011m	13.0%

It is also important to note the sensitivities when each assumption is moved individually. The table below shows what happens to the national estimate when each factor is moved to its lower or upper bound while holding all others constant at the central case.

Factor moved	Setting	R_AUS (AUD m)	% of stamp duty
Assessment count (high)	N_assess = 11,534	\$2,830m	9.2%
Assessment count (low)	N_assess = 10,086	\$3,254m	10.6%
Aggregation factor (low)	c = 0.10	\$2,655m	8.6%
Aggregation factor (high)	c = 0.30	\$3,447m	11.2%

National scaling (low)	$s = 2.31$ (-10%)	\$2,735m	8.9%
National scaling (high)	$s = 2.82$ (+10%)	\$3,342m	10.8%

The aggregation factor c is the largest driver of the estimate, reflecting how much national look-through and cross-jurisdiction aggregation reduces the number of effective controlling groups and increases the value sitting above \$20m and \$50m.

The national scaling factor reflects uncertainty about whether NSW is representative of the national 'top tail'.

Limitations and caveats

This estimate should be read as indicative. Key limitations include:

- The levy is assessed on national controlling-person portfolios (including spouse and controlled entities). The aggregation factor c is therefore a modelling device. The true value will depend on the degree of entity fragmentation and multi-state holdings in the taxpayer population.
- National scaling uses land tax revenue ratios from ABS. This is a transparent approach but not a direct measure of the national distribution of very high value landholdings.
- The estimate does not explicitly model behavioural responses, nor does it net off debt. Any final fiscal estimate should be refined using administrative microdata once the data-sharing regime is implemented.
- Stamp duty is volatile. The comparison is based on ABS 2023–24 stamp duty on conveyances.