



Are we paying too much?

From the desk of ...

Paul Kounnas, Director of Hudson Bond Real Estate

AUSTRALIAN home buyers are paying the highest interest rates and stamp duty costs in the western world. What's even worse, Victorians are being hit with some of the highest stamp duties in the world.

Victorians are paying between 5% and 6% stamp duty (depending on the value of the property). For example in Victoria you would pay \$22,810 in stamp duty if you purchased a property for \$500,000. Did you know that if you purchase a property for \$500,001 the stamp duty jumps to \$25,660.

We are not just paying some of the highest rates in Australia, but the highest in the world. Compare the stamp duty you would pay for a \$500,000 property in London which is a mere \$5,000 or New York just \$4,100.

Our interest rates are more than 3% higher than other western countries. It is 3.75% more than the US and 3.25% more than most of Europe. It is no wonder Australia has among the most unaffordable housing in the world, according to the recently released 2008 Demographic

International Housing Affordability Survey.

Furthermore, if you worked hard and have been wise enough to have saved a few dollars and invested this money by purchasing an investment property or a holiday house, you will also be stung by soaring land tax bills. In my opinion this is an unnecessary tax which is on top of so many other taxes that we pay in this country.

Again Victorians are among the worst off in the country. Our land tax kicks in at a relatively low threshold of \$225,000, compared to NSW \$352,000 and QLD \$599,000. The top rate in Victoria is 2.5% compared to 1.7% in NSW and 1.25% in Queensland.

Last year our state government collected a record \$3.6 Billion in stamp duty alone.

Are we being ripped off?

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