



Tax changes will restore fairness in the system: It's time to support reform

Changes to tax reform will open a pathway to homeownership for tens of thousands of Australians and help redirect investment toward building new homes, as National Shelter urges Parliament to pass the bill.

In its submission to the government's CGT and negative gearing reform inquiry, National Shelter said the legislation makes a clearer distinction between investment that adds to housing supply and investment that competes with first home buyers for existing property.

National Shelter CEO Jackson Hills said efforts to increase housing supply would be strengthened by backing the legislation, as it encourages investment in new homes.

"Everyone agrees Australia needs to build more homes and these housing tax reforms encourage investment in just that," Mr Hills said. "These tax changes keep more favourable tax treatment for new housing while reducing concessions that can drive demand for existing stock.

"We know that rents in this country are mainly driven by supply constraints, vacancy rates and interest rates. Modelling shows these reforms will have a modest impact on prices, and Treasury data projects 75,000 additional owner-occupiers over the next decade.

"We need to be honest with the Australian community about the inequity that exists within the current tax framework. The top 10 per cent of income earners receive more than 80 per cent of the benefit of the capital gains tax discount, with more than half of that going to the top one per cent.

"Our tax settings have favoured investment in existing housing, increasing competition for would-be home buyers, particularly younger Australians. Community support for reform reflects a recognition that these tax breaks are not delivering the housing outcomes Australia needs.

"Tax reform is a critical element of a comprehensive housing system response that also requires more supply, stronger rental standards and sustained investment in public, social and affordable housing. Leaving the current settings as they are would mean accepting a system that works against the housing outcomes we so desperately need."

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