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New Research Backs Negative Gearing

New research released today by the Housing Industry Association (HIA) confirms that restricting access to negative gearing for residential property would reduce investment in housing, erode housing affordability and put upward pressure on rents.

It also concluded that abolishing stamp duty on conveyances should be the top priority for housing tax reform, making housing more affordable for both renters and owner-occupiers.

“Discounting residential negative gearing in isolation is a retrograde step for tax reform, in terms of both efficiency and equity,” said HIA Managing Director Shane Goodwin.

“New housing is one of the most highly taxed sectors in the economy, and the removal of negative gearing would only make that situation worse and discourage investment. This would in turn reduce housing supply and increase the cost of renting.”

“Negative gearing promotes private investment in the rental market, thus stimulating economic activity and taking the pressure off social housing and the public purse.”

“With an ageing workforce and future pressure on services, policy settings such as negative gearing that promote wealth creation and self-sufficiency in retirement should be promoted.”

“It is important to remember that negative gearing is not the domain of so-called ‘wealthy investors’. Figures from the ATO demonstrate that 74% of tax payers receiving rental income have a taxable income of less than \$80,000” concluded Mr Goodwin.

The research paper titled ‘Economic Impacts of Negative Gearing of Residential Property’ was commissioned by HIA and conducted by Independent Economics.

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