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## **Capital Gains Decision the Right One**

The Prime Minister's statement yesterday that there will be no changes to Capital Gains Tax (CGT) on housing has the full support of the residential building industry, says the Housing Industry Association (HIA).

"New housing is one of the most highly taxed commodities in the Australian economy," said HIA Deputy Managing Director, Graham Wolfe.

"In the lead up to last year's election there were a range of proposals from reducing CGT on investment properties to applying the tax on the family home. Yesterday's categorical statement by the government provides continued certainty to the industry and to investors."

"The housing industry has opposed changes to the way capital gains are currently treated on investment properties. It would mean investors pay even more tax," said Mr Wolfe.

"Right now, around two dollars out of every five that an individual pays for a new home is tax.

"Buyers pay those taxes. And then they pay taxes on the taxes. They pay stamp duty on top of taxes, including the GST. And when they eventually sell the property, if they make any money, they pay tax on that.

"Housing cannot be asked to pay even more taxes. It would simply have the opposite effect.

"When it comes to improving housing affordability, the focus should be on increasing supply year on year. This won't happen by removing the incentives to build new homes and placing pressure on existing housing prices to meet demand," said Mr Wolfe.

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