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MEDIA RELEASE

First Home Buyers Are Not Winners in Housing Tax Policy

The Federal Opposition contradicted its own housing policy this week when it said that proposed changes to negative gearing and capital gains tax won't have an appreciable impact on the price of housing, according to the Housing Industry Association.

"Labor's proposals to increase capital gains tax on residential property investments and restrict access to negative gearing arrangements was intended to level the playing field between first home buyers and rental investors," noted HIA's Managing Director, Graham Wolfe.

"How will first home buyers be better able to compete in the housing market if raising the taxes on residential rental property investors doesn't impact house prices," questioned Mr Wolfe.

"How will additional taxation on housing deliver more affordable housing?"

"Raising taxes on residential investors will constrain new rental property supply and inevitably place more pressure on housing affordability for hundreds of thousands of households that rely on rental accommodation.

"With no benefit for first home buyers and no increase in rental housing supply, the proposed changes to negative gearing and capital gains tax will only add another layer of taxation to the substantial amount of taxes already levied on housing, which can be in excess of 40 per cent of the cost of a new home.

"It is hard to see the proposed changes to negative gearing and capital gains tax as anything more than a tax grab masquerading as housing policy," concluded Mr Wolfe.

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