

Media Release

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Taxation reform on housing untouched for now

The Real Estate Institute of Australia (REIA) is disappointed the Government hasn't tackled the hard reforms for inefficient state taxes in its response to the Henry Review, which would have further contributed to economic growth.

"The Government's first wave response to the Review has been confined to reform resource, company and small business taxes and superannuation," said REIA President, Mr David Airey.

The REIA welcomes the Government's commitment to not implement, at any stage, a reduction in the CGT discount, apply a discount to negative gearing deductions, or change grandfathering arrangements for CGT, as these would have all impacted negatively on supply of rental housing and vacancy rates.

The REIA looks forward to working with Government during the second wave of tax reform to address inefficient state taxes.

"While the Government has decided not to support the Henry Review recommendations on housing supply and affordability in the first wave, REIA believes that the Government should take a leadership role in "COAG placing a priority on a review of institutional arrangements (including administration) to ensure zoning and planning do not unnecessarily inhibit housing supply and housing affordability)¹," continued Mr Airey

The REIA welcomes the support for small business by proposing the taxation rate for small business is reduced from 30 per cent to 28 per cent, beginning 2012/2013 and to write-off assets greater than \$5000.

"If the changes announced today increase GDP by 0.7 per cent and wages by 1.1 per cent, as projected by Government are realised, this will be a good outcome for Australian families," concluded Mr Airey.

However, the REIA notes that all the changes announced today are contingent on the successful support for an introduction of the Resource Super Profits Tax (RSPT).

¹Australia's Future Tax System; Report to the Treasurer. Recommendation 69, Page 93. Published by the Commonwealth of Australia, 2010.

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