

# Media Release

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## Industry Calls for Common Sense on Negative Gearing and CGT

The Urban Development Institute of Australia has expressed concern over the proposed changes to negative gearing and capital gains tax announced by Opposition Leader Bill Shorten on the weekend.

UDIA National President, Michael Corcoran said, "Tax policy should not be used as a market re-engineering exercise. It needs to be fair, simple, efficient and certain. The policy announced on the weekend fails all of these tests."

"Removing negative gearing from established property investment and investment retaining the CGT is tantamount to a new property tax. Our fear is that this will lead to capital flight from the property investment sector to other asset classes. The proposition to ring fence negative gearing to new homes only is akin to investors in the share market having the restriction of only being allowed to negative gear shares purchased in an IPO."

Mr Corcoran went on to say "Quarantining negative gearing to new homes only creates distortions in the tax system. Any discussions around negative gearing and CGT cannot be held in isolation and should only be had as part of a broader debate around tax reform."

"Demand policies such as those proposed by Mr Shorten are not only highly ineffective but also irresponsible. We've seen in the past with the various iterations of the first home buyers' grant and stamp duty concessions, all they achieve is a stoking of demand as prices are driven to unattainable highs" he said.

"The key issue here is affordability and if governments are serious about tackling this they should be targeting supply constraints – better planning systems, a steady and transparent release of new zoned and serviced land, and less red tape," said Mr Corcoran.

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