

# Media Release

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## What curbing negative gearing means for Australians

Following the Treasurer's roundtable on housing supply, the UDIA National President, Darren Cooper, today, criticised Labor's proposal to curb negative gearing and increase capital gains tax which could reduce investment in the housing market and exacerbate the effects of the downturned market.

The current system of negative gearing and capital gains tax have allowed generations of Australians to build wealth through hard-earned small-scale investments in the property industry.

Negative gearing allows property investors to deduct property expenses from their taxable income where it adds up to more than is earned from rental returns.

Mr Cooper said that any proposal to restrict negative gearing to new homes will also severely limit the diversity of price, location, size and quality of Australia's rental housing stock well into the future.

"As such, it is critical capital gains and negative gearing settings are maintained as they are, at least until the potential impacts of any proposed changes are fully understood," Mr Cooper said.

Without proper industry consultation and thought, the UDIA is concerned the changes could have permanent structural impact on markets, this will have the greatest effect on recovering markets like Western Australia.

Without private investment which is encouraged by the current negative gearing and capital gains tax policies, there will be a significant shortfall of rental housing and investors will be chasing higher returns, putting upward pressure on renters.

Providing for our growing population is critical, 30 to 40 per cent of whom are renters.

Mr Cooper said "In order to reduce the housing affordability crisis the government should support the states and territories with tax reform which focuses on the unsustainable levels of government tax new properties."

"Our campaign, "***Building a livable future for all Australians***", is raising these issues with all parties to develop a more efficient and equitable Australia."

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