



Current negative gearing policy modelling shows hundreds of thousands in positive tax inflows to government coffers

New analysis by the Property Investors Council of Australia (PICA) has detailed just how much tax typical property investors pay to governments under current negative gearing and Capital Gains Tax (CGT) rules.

PICA chairman Ben Kingsley said the council's modelling showed an average Mum and Dad investor was adding hundreds of thousands of dollars to the public purse over the lifetime of a single investment property.

"The amount of federal taxes property investors pay is extraordinary and will surprise many – and that's before state based stamp duty and land tax costs are included, adding tens of thousands of dollars more to the bill," Mr Kingsley said.

"It is clear that property investors do pay well above their fair share in taxes and our concern is that impost on investors is set to blow out even further if Labor's policies see the light of day."

PICA modelled their investor tax figures based on current negative gearing and CGT rules assuming assets were held over a standard 30-year loan term.

"Our numbers show while a typical Australian investor will benefit from negative gearing initially, they will be taxed around \$167,000 in subsequent years over the full 30 years of modelling," Mr Kingsley said.

"In fact, their net tax payable from rental income over the life of the investment will be over \$138,000 under current negative gearing rules.

"The initial tax benefit in this scenario is around \$30,000, before paying the \$167,000 over the journey," Mr Kingsley said.

"If you think about what first home buyers get in grants, stamp duty concessions and the like, it's very comparable to what investors receive, but investors have to pay a lot more additional tax when homeowners pay nothing more."

Looking at the Capital Gains Tax impact, Mr Kingsley said under current rules CGT also added significantly to the government's tax take.

"Our data showed, for example, if the average investing couple sold their asset in the 30th year, under the current 50 per cent exemption rule, they would be paying over \$611,000 in CGT."

The facts show if Labor wins power on Saturday, it won't be the wealthy who are funding their election promises, Mr Kingsley said.

“With the majority of the nation’s 2.2 million property investors earning less than \$80,000 a year, Labor’s claim about tax loopholes being for the big end of town are, frankly, insulting,” he said.

“It’s totally deceptive to characterise landlords as ‘the big end of town’ in the lead-up to election day.”

Mr Kingsley said investors have been unfairly targeted throughout Labor’s and the Green’s election campaigns.

“Mum and Dads are tired of being branded as, ‘greedy property investors buying their fifth or sixth property’, when almost 72 per cent only own one,” he said.

“We’re also fed up with being blamed for higher property prices, when historically investors make up just three of every 10 buyers in the market.”

Mr Kingsley said the PICA analysis clearly showed that investors were already contributing plenty towards funding essential services through taxes.

“By releasing this data, we want the Australian public to understand that we certainly pay our way when it comes taxes for government to spend on more hospitals and more schools,” he said.

Mr Kingsley said political attacks via increased taxation on investors looking to self-fund their retirement would have far-reaching economic ramifications for all Australians.

“We agree with research undertaken by the Property Council of Australia regarding Labor’s policy on negative gearing and CGT – that it will force the average Mum and Dad investor out of property, which will reduce demand and have a negatively impact on prices,” he said.

“In addition, the policies will also reduce construction over time, which will force up rents when rental supply tightens.”

In contrast, Mr Kingsley said moves to assist first homebuyers through a recent Coalition policy announcement would prove far more effective than tinkering with negative gearing and CGT.

“PICA supports the First Home Loan Deposit Scheme as a financially astute way to assist first-timers into the market.”

Mr Kingsley said the new policy, coupled with a variety of other state-based grants and concessions, meant it had never been a better time to be a first home buyer.

"The scheme will assist thousands of people to achieve their dream of home ownership, without drastically reducing the value of that same property, which is the undeniable outcome if negative gearing is restricted to new property," he said.

"Mark my word, property prices will fall nationwide, and rents will rise if Labor proceeds with its foolhardy policy that will see the wealth of everyday Australians erode overnight."

ENDS

For a full copy of the PICA analysis – or to arrange an interview with Ben Kingsley – please contact Kieran at:

Bricks & Mortar Media | media@bricksandmortarmedia.com.au | +64 417 793 447

About PICA:

[PICA](#) is the peak non-profit association representing over two million property investors in Australia, who provide homes for some 30 per cent of our nation's population.

PICA aims to educate individual investors on the risks and rewards of property investing and to influence policies against "severe" policy or regulatory change, which would financially impact our members as well as all property owners.

To improve the professionalism of the sector – and to protect the community – PICA also believes in regulating the provision of property investment advice.