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## Media Release

### Liberal & Labor Conspire to remove Tax Free Status of the Family Home

Australians should be very concerned about a piece of legislation sitting in the Senate waiting for a final vote.

Treasury Laws Amendment (Reducing Pressure on Housing Affordability Measures No. 2) Bill 2018 was introduced to the House of Representatives on the 8<sup>th</sup> February and passed through to the Senate. This Bill deals with a 2017 Budget night announcement in regard to *“Strengthening the capital gains tax rules so that foreign investors pay their fair share of capital gains tax”*, which was part of the Government’s policies on affordable housing.

Initially, it was considered this would affect temporary residents, such as students, who buy a home to live in while studying, but under law must sell it once their visa ends. Old tax laws allowed this to be tax free as their residence, but the proposed changes mean they will now have to pay tax on this gain. This is a reasonable change.

However sadly, the legislation goes much further than that, and now captures any Australian living overseas that sells their previous family home during the period they are overseas.

It is so unjust, that even if you had lived in your home for 20 years, if you happen to be living overseas for one month and sell the property while abroad, all of the gains from the full 20 years become taxable, where normally it would be tax free as your principal residence.

Many people may think that this won’t affect them, however the impact is far greater than it seems. Almost 100,000 Australians a year take up overseas work assignments, long term off shore living stints or forced relocations.

Further, this may be the start of something far worse. If they can remove the tax free status of the family home for any Australian spending some time overseas, alarmingly in a retrospective fashion as proposed, then how long will it be until they water down the tax free status for all Australians!

You might be thinking that any Australian overseas deserves to pay more tax for whatever reason and I am sure the politicians will argue that. But the fact is they already do. There is no 50% tax free portion for any Australian investing in Australian property while they live overseas. So they are already carrying far more of the burden than someone living in Australia.

So we currently have the unusual situation that an Australian living overseas and investing in Australia pays far more capital gains tax than an Australian living in Australia and investing overseas. This is a ridiculous scenario that encourages investment out of Australia rather than supporting Australians to invest in their own country which assists in providing quality, affordable rental accommodation and economic activity.

It should also be noted that there is a way to ensure you are not impacted by this proposed new tax. If an Australian waits and sell the property after they have relocated back to Australia then they still benefit from the period the property was their residency. That sounds easy enough, but what if you experience financial hardship, illness or the unexpected death of the property owner. People who can't choose their timing will be most hurt.

A Senate Review Committee took submissions on the proposed changes, amongst them SMATS Group who recommended that any Australian Citizen or Permanent Resident be excluded from the new changes. But this was ignored and no recommendations were even considered.

It is important that every Australian pause the reflect on the importance of the family home remaining tax free and stand up to stop this attempt by the major parties to steal an important right before it is too late and it morphs into a tax on all Australian family homes.

Both major political parties should be encouraged to recognize the important economic contribution of any Australian working abroad and be respectful to their rights to have the law treat them fairly and not be denied past historical time in their home as tax free, nor should they be treated as "foreigners" in their own country.

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