

Negative Gearing-----

Tax reform = "Government has run out of money and needs more of your dollars"

Negative gearing

1. A basic ethic of our tax system is cost in earning taxable income is a deduction.
2. If we repeal this ethic will BHP as an example, be able to write development cost (especially interest) against current income.
3. A better solution is to carry forward the tax benefit to be applied on sale of the property.
Either as a reduction in cost base OR a direct repayment of the deferred tax from any profit.

Further to this, it appears that various lobbyists simply focus on their corner of interest, and I wonder whether the full impact of negative gearing is taken into account

e.g.

I refer to the chart on page 5 "The Australian Insitute" submission on Negative gearing.

Figure 2 – Net rental loss share versus average taxable income

I simply point out that the bulk of "negative gearers" are in the 34 c bracket.

Please don't forget that they mostly pay interest to banks who then have to pay 30c tax

Q Are the supposed tax benefits of cancelling negative gearing fully costed.

