**2020-21 Pre Budget Submission – Increasing eligibility period for CGT discount**

**Dan Carton – Carton Associates**

18/1/21

Hi,

I am the former Chief Economist of Defence Housing Australia and for a decade ran DHA’s property investment sales business. I am currently serving as Chairman of Havelock Housing, a community housing provider in Canberra.

I am making this submission as I have seen at close hand both personally and through my career the dynamics of the residential property sector nationally. Investment is crucial to make housing affordable both to rent and buy.

What I propose below, I believe, is the simplest solution to making markets more affordable and importantly more stable – without deterring the right kinds of investment.

Apologies for the short form submission.

Regards
Dan Carton

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**Proposal**

Amend the eligibility period to receive the capital gains tax discount from one year to five to seven years.

**Background**

Residential property markets are taking off again due to low cost of debt.

Homelessness and demand for social housing is rising across the country.

ALP went too far with their residential property investment tax reform proposals in the lead-up to the 2019 election – it threatened to deter critical investment from housing.

**Removing the speculators**

A one-year period to access the discount enables speculators into the residential property space. Extending the period to five to seven years would deter these players from the market.

With speculators largely eliminated, the peaks and troughs of the market will arguably be less acute.

Modelling would likely show the policy change to be tax revenue positive.

Note the policy change would have to be grandfathered in.

**Other solutions**

Anything that encourages institutional investment in residential property, particularly the community housing sector would be welcome.