

**Senate Economics Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates

2017 - 2018

**Division/Agency:** Tax Analysis Division  
**Question No:** 295  
**Topic:** Capital Gains Tax Discount  
**Reference:** Written  
**Senator:** Rhiannon, Lee

**Question:**

1. The government has decided to invite more proper speculators into the market by increasing the discount from 50% to 60%, as long as property owners rent to low-medium income households:
  - a) Given that the Treasurer has stated that property investors in Australia are more driven by capital gains than rental yield, has Treasury taken into account that this measure will attract more property speculators and increase house prices?
  - b) Please explain any such consideration and the reasoning behind the decision to increase the CGT discount with regard to how it will affect house prices.

**Answer:**

1. a) Overall, the Government's housing affordability package is intended to put downward pressure on house prices. It is very difficult to quantify the impact of each component of the package in isolation.
1. b) This measure aims to encourage investment in affordable rental housing.