

Tax Laws Amendment (2008 Measures No. 5) Bill 2008

Addendum to the Report

Additional Comments

“In respect of ‘Schedule 1 – GST’, Coalition Senators provide the following additional comment.

The advisability of maintaining the integrity of the GST tax base by ensuring that property sales cannot be structured in a way that GST does not apply to the value added to real property is a principle supported by the Coalition and underlined our announcement of measures relating to the use of margin schemes in the 2005 budget.

Following that announcement, strong and reasonable representations were made to the then Coalition Government regarding the consequences that may result if this measure is not implemented carefully. As such, the then Government elected to delay implementing any such measure until full and proper consultation could be conducted.

The new Government has overseen the drafting of legislation to implement the measure and subsequently undertaken consultation on that legislation, which has highlighted significant concerns from property developers and owners. These concerns primarily relate to the effect of the measure on the cost of new housing developments and, hence, housing affordability. Despite this, the new Government has elected to proceed with its legislation. Similar concerns were aired in the submissions received by this inquiry.

The Coalition Senators consider these concerns to be valid and worthy of note and believe that with some compromise on all sides, an outcome could have been reached which maintained the integrity of the GST tax base, whilst also alleviating some of the potential consequences.”

**Senator Alan Eggleston
Deputy Chair**