

# Media Release

## Removing GST Could Put Home Ownership Back Within Australians' Reach

The Federal Government can make a significant contribution to increasing housing affordability by removing GST for all residential properties, according to the Law Council of Australia.

The proposal, identified by the Law Council's Australian Property Law Group, was put forward by Council President Tim Bugg in a recent letter to Federal Treasurer Peter Costello.

"The Government can assist the housing industry and, in particular, the construction of new dwellings by removing GST from all residential properties, including vacant land that is zoned for residential purposes," Mr Bugg said.

He said imposing GST on the supply of new residential properties was significant because the tax is passed on to the buyer.

"The buyer is usually a consumer who is not registered for GST and cannot claim the GST back. Consequently, the price paid for the new residential property is increased by 10 per cent. The GST included in the price paid by the consumer is paid to the Federal Government and relayed to the States," Mr Bugg said.

"2007 appears to be a year in which residential property is significantly less affordable than in previous years," he said.

"There are significant taxes and imposts relating to the development of residential land and buildings. The majority of these taxes and imposts are imposed by State Governments and Local Councils. These are matters which are generally outside the control of the Federal Government."

"But the GST is one significant tax that is within control of the Government. We urge it to look at our proposal in the context of making housing affordable once again for the average Australian. Otherwise the great Australian dream will become just that – a dream," Mr Bugg concluded.

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