



Henry Tax Review Brief

GOVERNMENT RESPONSE TO HENRY - HIGHLIGHTS

- Resource Super Profits Tax – 40% from F2013.
- Company tax rate cut in two steps - 29% in F2014 and 28% in F2015.
- Superannuation Guarantee Charge to increase to 12% by F2020.
- An infrastructure investment fund to be established to deliver \$700m in F2013 and \$5.6bn over the next decade.
- Small business capital allowance relief from F2013.

PROPERTY INDUSTRY - GOOD NEWS

- The Government has **ruled out any tinkering with negative gearing or the 50% CGT discount.**
- Henry has recommended a **broad-based land tax to replace inefficient property taxes** – the Government has indicated it will consider this proposal in a **second wave** of tax reforms.
- The **corporate tax rate reduced to 28%** in two tranches means business has a greater capacity to pay for rental accommodation.
- **Increased superannuation savings** (SGC rise to 12%), which will increase the overall savings cake available to funds managers.
- The **new infrastructure investment fund** will increase investment in economic infrastructure.
- Henry specifically acknowledges the need to **improve housing supply by reducing developer charges and reforming the development assessment system.** The Government has already announced a Productivity Commission inquiry into Australia's development assessment and planning frameworks.

The Voice of Leadership

NEUTRAL TO BAD NEWS

- There is no detailed commitment in relation to the process for reforming inefficient state property taxes. This will be a highly political process. However, we need to be ambitious as the alternative is higher (and new) property taxes in the future.
- Henry has recommended against accelerated depreciation for buildings retrofitted to a higher environmental performance standard – he prefers a grants system. However, this debate is far from over.
- The Productivity Commission inquiry into planning does not address developer charges.

FURTHER ACTION IMMINENT IN FEDERAL BUDGET

- Henry recommends **a major update and rewrite of Australia's Managed Investment Trust rules** to reduce complexity and uncertainty. Sources assure us of imminent action in next week's Federal budget.

For further analysis and information go to:
www.propertyoz.com.au/henryreview

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