

Dear Dr Henry, tax review panel,

I would like to suggest that our tax system should abolish negative gearing and reinstate normal CGT tax rate on investment housing.

Housing is human being's necessity, not like any other investment that could be a kind of wants. Under the current system: negative gearing & CGT concession, it has caused the following problems:

1:) Pushing the housing price to the sky, as such people have to rent and rents have to go high. It significantly worsens the rental crisis.

2:) Kill overall jobs. People have to save as much as they can so that they can make mortgage repayments, or to save a deposit etc. Overall consumptions is significantly deteriorated.

3:) It makes the rich richer and the poor poorer. The overall tax and welfare system is significantly skewed.

4:) It brings down our local birth rates since people can not afford their housing.

5:) Significantly increase the general business costs and downgrade its competition capability.

6:) It also kills building industry's jobs. Since most average people can not afford purchase, the demand is decreased. It also increases the cost of developers to buy land.

7:) People with a mortgage are actually a housing slave. Average people's life quality is very bad. Again many jobs are killed such as in travel industry, retail sector etc etc.

8:) Government pays more for rental assistance for low income people and retirees. If people have their own home, government can save a lot.

As published by Financial Review last year, negative gearing cost government \$50 billions per year. This can do lots of things in other areas, such as education, health, infrastructure etc. Some people might argue that the gov. collect more taxes from housing investment. But the net outcome is the gov. pays more.

EU countries and US, Canada abolished negative gearing many years ago, their general housing affordability is much much better than Australians and their economy is much more robust and healthy and normal. They have no rental crisis. I suggest the government to copy their housing policies.

For your consideration.

Thank you.

Regards,

Charlie Xiao

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