

Tax discounts for professional landlords hurt workers

Monday 23 February 2026

Australian Unions are calling for an overhaul of capital gains tax concessions to help drive a fairer housing system.

ACTU President Michele O’Neil told a Senate Inquiry into the Capital Gains Tax (CGT) in Melbourne today, the current tax discount privileges professional landlords and hurts working Australians who are being priced out of home ownership.

Australian Unions want the current CGT discount scaled back from 50% to 25% so that workers, including younger workers have more access to affordable housing near where they work.

The CGT discount has become a tax minimisation scheme allowing the very rich to pay lower rates of tax by investing in the property market, while working people struggle to get a roof over their heads.

Treasury data confirms most of the benefits of the discount flow through to the richest 1 per cent of Australians.

Since the revised CGT discount rate was set in 1999, housing affordability has worsened and the gap between house prices and workers’ incomes has widened.

In 1999, it took six times the average income to buy a house; today it takes 11 years of average income to buy a house – or around twice as much income.

The ACTU's submission to the Inquiry also calls for restrictions on negative gearing tax breaks.

Both the CGT discount and negative gearing tax breaks should be limited to one investment property.

The changes should apply to all new housing investments extending beyond a single investment property, with a five-year grand fathering period for existing investment properties giving investors time to adapt to the new arrangements.

Quotes attributable to ACTU President, Michele O’Neil:

“Australian workers need a tax system that doesn’t reward wealth more than it does work.

“Too many workers can no longer afford to live near where they work, leaving them stuck with long and costly commutes and less time to spend with their families.

“Under our proposal to scale back the CGT discount, a first-time home buyer would be more likely to win out against professional landlords and be able to get into home ownership.

“We need these changes now because a growing number of workers may never be able to save enough for a deposit while accelerating rents and house prices outpace the money they can save each week.

“The tax system should not provide the means for professional landlords to have their housing speculation subsidised by ordinary workers, who are being priced out of housing and are paying much higher rates of tax, in line with their income.

“Australian Unions want the revenue these reforms would generate to expand the housing stock available and be co-invested with the states into public and social housing.

“We are campaigning for a fairer housing and tax system that deliver security and dignity to working people.”

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