

Unions back tax overhaul to benefit younger Australians

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Australian Unions are urging the Federal Parliament to pass urgent reforms to start unwinding tax laws that have kept owning a home out of reach for an entire generation of younger Australians.

The changes to capital gains tax discounts and negative gearing are essential to start reversing a sharp decline in home ownership rates, especially among 25–34-year-olds.

The tax changes will overhaul unfair tax measures that contributed to a 10-percentage point decline in home ownership rates nationally since 1966, the ACTU told a Senate Inquiry today.

The home ownership collapse, particularly among younger Australians, was caused by a decline in property affordability driven by overly generous tax concessions that the new tax laws will start to wind back.

Younger workers need the tax bills to pass to have more chance of stepping onto the housing ladder to have a shot at building their own financial security.

Housing must be made more affordable, particularly for young people who wait half a decade to save a deposit, only to find prices have risen even further.

The current capital gains tax discount and negative gearing have kept home ownership out of reach for an entire generation and funneled the benefits to the wealthiest and must be made fairer.

In 2019-2020, 75% of the total benefit of the CGT discount was captured by the top 10% of taxpayers. In 2022-23, the top 1% of taxpayers received 54% of all capital gains income, averaging gains of \$850,690. By contrast, only 2% of 18–29-year-olds get any benefit at all from the current 50% CGT discount.

Australian Unions also support cost-of-living relief through the Working Australian Tax Offset, the \$1,000 instant tax deduction, ongoing income tax cuts and changes to discretionary trusts that have protected the earnings of wealthy Australians and ensured the top 10% of families benefit from a system that is inaccessible to most working people.

Quotes attributable to ACTU Assistant Secretary, Joseph Mitchell:

“These tax bills are positive reforms to make work respected, not penalised and to treat housing as a place to live, not a tax-advantaged vehicle for speculative gain.

“Young people shouldn’t need to gamble on crypto just to be able to afford a home deposit, as some commentators claim.

“We can do better and these reforms are a step towards giving working Australians a fairer shot at home ownership.

“Until the tax system stops rewarding wealth more than work, younger households will be left with a fraction of the assets of older generations while being saddled with more debt from higher property loans.

“These reforms also confront a basic injustice that has meant people who work for a living have carried a heavier burden than those who make their money through capital gains, tax concessions and legal structures designed to minimise tax.

“That’s not fair for younger Australians who need the tax system to stop contributing to inflated house prices and rewarding speculation over productive investment.

“Combined with tax cuts that hand back money to low and middle-income Australians, these tax reforms are a critical first step towards restoring fairness to the tax system.”

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