

POLICY & CORPORATE AFFAIRS

POLICY BULLETIN

29 March 2018

1.0 Update on the proposal to impose capital gains tax on the Australian homes of non-residents

The Australian Government's Treasury Laws Amendment (Reducing Pressure on Housing Affordability Measures No. 2) Bill 2018 was referred to the Senate Standing Committee on Economics on 15 February 2018.

The Bill seeks to remove the CGT main residence exemption (MRE) for taxpayers who, at the time they enter into a contract to sell a dwelling that has been their Australian main residence, are a non-resident for tax purposes (regardless of whether they hold Australian citizenship or permanent residency) from the time they purchased the residence.

This effectively means that an Australian who moves overseas and becomes a non-resident for tax purposes, will if they sell their Australian home while a non-resident incur a capital gains tax liability from the time they purchased the property, regardless of how long they lived in the property.

CPA Australia's [submission](#) to the inquiry highlighted our concerns regarding the retrospectivity of the proposals. We also highlighted concerns over the impacts the changes would have on deceased estates.

Inquiry report released

The Senate Committee inquiry has concluded and their [report](#) was released this week.

The Committee's report references, and quotes from CPA Australia's submission. The report acknowledges the concerns expressed regarding the changes to the CGT main residence exemption for foreign residents including Australian citizens and permanent residents living and working overseas:

"The committee acknowledges those people who may be affected by these changes and notes that it is the government's responsibility to ensure that they are made aware of the changes and the transitional arrangements, so they can plan accordingly."

Notwithstanding this acknowledgment, the Committee has recommended that the Bill be passed, and that:

"the Australian Government ensures that Australians living and working overseas are aware of the changes to the CGT main residence exemption for foreign residents, and the transitional arrangements, so they are able to plan accordingly."

Yours sincerely



Stuart Dignam
General Manager, Policy & Corporate Affairs

RESOURCES

Professional resources

CPA Australia continues to represent its members and has an ongoing relationship with key regulatory, statutory and professional standards bodies.

Current consultations and CPA Australia policy submissions can be found at:

<https://www.cpaaustralia.com.au/media/consultations-and-submissions>

Other professional resources can be found at: <https://www.cpaaustralia.com.au/professional-resources>

Policy Team contacts

Head of Policy	Paul Drum FCPA	paul.drum@cpaaustralia.com.au
Audit & Assurance	Claire Grayston CPA	claire.grayston@cpaaustralia.com.au
Business & Investment	Gavan Ord	gavan.ord@cpaaustralia.com.au
Environmental, Social & Governance (ESG)	Dr John Purcell FCPA	john.purcell@cpaaustralia.com.au
Ethics & Professional Standards	Josephine Haste CPA	josephine.haste@cpaaustralia.com.au
Financial Planning	Keddie Waller	keddie.waller@cpaaustralia.com.au
Reporting	Ram Subramanian CPA	ram.subramanian@cpaaustralia.com.au
Superannuation	Michael Davison	michael.davison@cpaaustralia.com.au
Team Admin Support	Libby Pearce	libby.pearce@cpaaustralia.com.au +61 3 9606 5176