s22

From: s22
Sent: Thursday, 20 December 2018 8:18 PM
To: Beer, Gillian
Cc: RG TAD SES; Mrakovcic, Maryanne; Fraser, Bede; Jeremenko, Robert; McCullough, Paul; Gaetjens, Philip; s22 ; Codina, Martin
Subject: [SEC=UNCLASSIFIED] Data request

Follow Up Flag: Flag for follow up
Flag Status: Completed

Hi Gillian

Following a meeting today with the Treasurer we need to pull together the following data points and examples. Can we please discuss tomorrow morning how Treasury can assist and timing for January. Some of the material below has previously been provided whereas some is new.

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Maryanne - is there anything i missed?

Thanks

s22

5. Cameo of Mum and Dad property investors. Draw out how lowering the discount on capital gains can push them into higher tax brackets s 22 leaves them worse off (and affects liquidity that may limit them entering investment market) compared to a rich investor who has other investments to offset against.

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From: Maloney, Matthew
Sent: Tuesday, 15 January 2019 11:08 AM
To: s22
Cc: s22
Subject: FW: cameos for fact checking [SEC=PROTECTED, DLM=Sensitive:Cabinet]

Follow Up Flag: Follow up
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And here are the cameos for checking.

Thanks

Matt

From: s22
Sent: Friday, 21 December 2018 1:13 PM
To: Beer, Gillian
Cc: s22 RG TAD SES
Subject: cameos for fact checking [SEC=PROTECTED, DLM=Sensitive:Cabinet]

Hi Gillian

Cameos for fact checking please as part of the batch for January.

Many thanks

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Mum and Dad property investor

- A Mum and Dad investor plans to purchase their first investment property, which is an existing property. Under [the alternative policy] the $5,000 annual loss on their investment property (rent less interest, strata, rates and other expenses) can no longer be deducted from their $95,000 teachers salary income. This puts up their annual tax bill by around $1,500, making a big difference to their cash flow and willingness to invest. When it comes time to sell in a few years time they estimate they would make a $150,000 capital gain with their $95,000 teachers salary being their other income. Under the current rules they would pay capital gains tax on half this amount when they sell in a few years time, at a 32.5 per cent rate. [Under the alternative policy] more of their gains would subject to tax (75% of gains up from 50%) and they would get pushed into the highest tax bracket - the 45 per cent rate.

- In contrast, a wealthy investor under [the alternative policy] would be able to make full use of negative gearing on the existing property they plan to purchase. For example if they earn $1 million taxable income each year from their investments, they could negative gear up to $ 1 million worth of losses from investment property investments and pay no tax. When it comes time to sell their property, they could time the sale so any capital gain occurred when they make losses against their other investments so they pay no capital gains tax on their investment property.

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