

Capital Gains Tax reform could ease housing crisis

The St Vincent de Paul Society National Council of Australia is urging the Federal Government to reform the Capital Gains Tax (CGT) discount to create a fairer, more equitable tax system and help address Australia's housing crisis.

In its submission to the Inquiry into the Operation of the Capital Gains Tax Discount, the Society said the current 50 per cent discount unduly benefits high-income earners, fuels investor demand for existing housing stock, and drives up prices, leaving renters and first-home buyers at a severe disadvantage.

"The CGT discount no longer reflects economic reality or serves the common good," said the Society's National President, Mark Gaetani. "Our Members and volunteers witness every day how current tax settings deepen inequality, lock younger Australians out of home ownership, and leave too many people struggling to find secure housing."

Grounded in Catholic Social Teaching and the principles of human dignity and the common good, the Society is calling for a gradual reduction of the CGT discount from 50 per cent to 25 per cent over five years, applied consistently across individuals, trusts and superannuation funds.

Research commissioned by the Society from the Australian National University in 2022 shows that even a modest reduction in the CGT discount to 37.5 per cent could raise around \$4 billion annually – funds that could be used to increase working-age payments, boost Commonwealth Rent Assistance and lift 120,000 households out of poverty.

The Society's recommendations also call for revenue from CGT reform to be reinvested in social and affordable housing, homelessness services, and measures to reduce inequality.

"Tax reform should serve people, not property speculation," said Mr Gaetani.

"When governments recognise access to safe, stable housing as a fundamental human right, rather than structuring tax and property systems primarily to enable wealth accumulation, the whole nation benefits.

Ensuring that everyone has a secure place to live strengthens communities, reduces inequality, and improves social and economic wellbeing individually and collectively. Poverty and homelessness don't exist in isolation; their effects ripple across society, affecting health systems, productivity, and social cohesion alike," he said.

"By recalibrating the CGT discount, we can take a meaningful step toward a fairer housing market and a more compassionate Australia."

6. The St Vincent de Paul Society in Australia consists of 45,000 Members and volunteers who operate on the ground through over 1,000 groups located in local communities across the country.

MEDIA CONTACT

0475 068 209 or media@svdp.org.au