
MEDIA RELEASE

Evidence clear on the impact of Queensland's foreign investor tax

The body of evidence against the foreign investor tax increase expected in next week's State Budget continues to grow, according to Queensland's property industry.

The State Government intends to increase the stamp duty surcharge on foreign buyers of residential property from 3% to 7% of the purchase price from 1 July 2018.

New research from the AEC Group, commissioned by the Property Council, has estimated that the decline in foreign investment in Queensland since the Government introduced an additional foreign investment tax in 2016, has equated to a decrease in Gross State Product of between \$2.4 billion and \$3.9 billion.

The reduction in foreign investment has reduced the amount of jobs supported by the property sector by between 17,800 and 29,200 full time equivalent positions.

The analysis indicates that the revenue expected to have been collected through the foreign investor tax **equated to less than 1%** of the overseas economic contribution Queensland lost between 2015-16 and 2016-17.

"It is clear that reduced foreign investor interest in Queensland has cost the state far more than the revenue raised through this foreign investor tax," Property Council Queensland Executive Director, Chris Mountford, said.

"The Government should have known this outcome would have occurred if they had undertaken a regulatory impact assessment before introducing the tax."

"Regrettably we are still seeing the Government pursue short-sighted tax increases without adequately considering the long term consequences."

"We certainly acknowledge that the State Government's tax increase is not the only factor that has reduced the flow of foreign investment to Queensland. But it has played a big part, and it is a factor that is entirely in the control of the State Government."

"The data shows the State Government has kicked a significant fiscal and economic 'own goal'."

Mr Mountford says that the industry has been clear that the proposed increase to the foreign investor tax was bad for Queenslanders, and the weight of evidence highlighting the risks has been growing.

“We have said that these taxes will increase the cost of housing for Queenslanders and reduce the amount of offshore investment in the state, which will ultimately translate to fewer jobs for Queenslanders” Mr Mountford said.

“Now is the time to be removing these economically damaging taxes, not increasing them.

“The better approach would be to remove the surcharge, to try and foster greater levels of investment, rather than driving it away.

“We need to remember that foreign investment plays a critical role in funding many Queensland job-generating projects. It also creates new housing supply to help keep a lid on affordability.

The Property Council is calling for the Government to use next week’s State Budget to abandon the tax increases, and commit to review and modernise Queensland’s property tax framework.

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The Foreign Residential Investors Contribution to Queensland report can be [accessed here](#).