

From: Martin Moore

Sent: 26 February 2004 6:08 PM

To: housing@pc.gov.au

Subject: Submission

Dear Sir/Madam,

In reference to any review of the First Home Owner's Grant (FHOG).

I assume the intention of the FHOG was to help people to purchase their first home by offsetting the impact of the GST. If so, I believe under the current access criteria of the FHOG, there is a group of first home owners who have been unfairly excluded from access to this grant. These people are those who have never purchased a property to live in as their own home yet chose to invest in the housing market prior to the commencement of the FHOG.

These people are currently excluded from access to the FHOG because they have, at any time in the past, owned (either partly or fully) a residential property. For these people, the decision to purchase property was an investment decision like any other investment. They could have chosen to invest in the share or bond markets if they had known they were to be penalised upwards of \$7000 for investing in residential property. Coupled with the subsequent rise in property purchase prices caused by the FHOG, these potential first home owners can find themselves well behind a first home owner who had chosen to invest in sharemarket prior to the commencement of FHOG. This is clearly inequitable and blatantly unfair.

I don't believe people who have invested in property prior to the commencement of the FHOG should be excluded from the grant, provided they have never lived in the property they purchased and were using it for investment purposes.

Through the PAYG tax system, it is relatively simple to determine whether a tax payer has lived in a property or held it exclusively for investment. For example, some questions that could be asked are:-

Have they claimed tax deductions for interest, depreciation and expenses associated with the property?

Have they claimed Capital Gains Tax exemption from the sale of the property?

If our tax system can determine that a property purchaser is either an investor or an owner occupier then surely the FHOG process can do the same.

Please recommend a change to the FHOG to allow it to be granted to first home owners who have never lived in their own home.

Thank you for the opportunity to provide a submission.

Regards

Martin Moore

M J Moore

QLD