

19 February 2026

Select Committee on the Operation of the Capital Gains Tax Discount  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Dear Members of the Senate Select Committee

## Operation of the Capital Gains Tax Discount

The Business Council of Australia (BCA) welcomes the opportunity to make this submission to the Select Committee inquiry into the Operation of the Capital Gains Tax Discount.

Any changes to current policy settings in relation to the capital gains tax (CGT) discount should be governed by the following principles:

- The BCA has argued for a more consistent and equal tax treatment of income derived from saving, including capital gains. Consideration of capital gains tax settings is best done in the context of a broader tax reform effort focused on the efficiency and fairness of the overall tax system, while driving investment.
- Any changes to the tax treatment of capital gains should apply on a prospective and not a retrospective basis. This is an important principle in treating taxpayers fairly and to ensure consistency with rule-of-law principles.
- Inadequate housing supply relative to demand is the main driver of higher house prices and rents. Addressing housing affordability requires comprehensive reform of the planning and zoning rules that currently inhibit new dwelling investment and prevent housing supply from responding flexibly to changes in demand. Delivering on state and federal housing supply targets is the most effective and sustainable way to address housing affordability and its distributional implications. Any policy changes that result in a reduction to the CGT discount should therefore be structured in such a way as to not disincentivise investments in new dwellings.
- Any additional revenue that flows from less generous treatment of capital gains other than from new dwellings should be applied to measures that increase productivity or reduce the burden of other taxes.

The BCA will consider any proposals to amend existing capital gains tax provisions based on these fundamental principles.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Bran Black', with a long horizontal flourish extending to the right.

**Bran Black**  
Chief Executive Officer  
Business Council of Australia