



21 March 2018

The Hon Malcolm Turnbull MP
Prime Minister
Parliament House
CANBERRA ACT 2600
AUSTRALIA

Dear Prime Minister,

Proposed Capital Gains Tax on family homes for non-resident Australians strikes down our people to people engagement with Asia

We were delighted to welcome you to Hong Kong last year where you spoke of the pride you felt for the Australian diaspora. You spoke of the importance of people-to-people ties and of the Australians – such as our members – who are here on the ground contributing to and in many cases working for Australian companies who are part of the Asia growth story.

Indeed, your Government's *2017 Foreign Policy White Paper* makes much of the importance of the "globalised world of individuals", arguing that our soft power "enables Australians and Australian institutions to speak with confidence and with credibility on the world stage". Much of this derives from Australians – our members – who commit to being part of the nation's global workforce. Further, your white paper states: "we will continue to leverage the knowledge, networks and expertise of our expatriates through chambers of commerce..."

However, the proposed amendment by your Treasurer Scott Morrison to apply a Capital Gains Tax (CGT) on the sale of the family home by non-resident Australians would strike at the heart of those of us here in Asia (and worldwide) who are contributing to the nation's place in the international marketplace.

The Treasury Laws Amendment (Reducing Pressure on Housing Affordability Measures No. 2 Bill 2018) was introduced to enact the proposed amendments which would remove the main residence capital gains tax exemption for foreign tax residents or temporary residents. In short, it would mean that the many thousands of Australians living overseas would be hit by CGT on their family residence if they sold their home while abroad.

On behalf of Australia's largest international chamber, we urge the Government to reconsider this crippling amendment on those Australians who take up the challenge of living and working internationally, many working with Australian companies who are investing into the region or are



attracting investment back into Australia. Not least, we, the expatriate diaspora can plug the much talked about Asia capability gap in Australia.

This Treasury amendment has the unintended consequences of doubling down on Australians living and working internationally who might be forced to sell their family home due to divorce, bereavement, illness or job loss – any number of unplanned life circumstances which hit us all, regardless of where we live.

In addition, a number of our large Australian corporate members have also expressed concern that this amendment is acting as a **disincentive for staff to accept offshore transfers** (Indeed, one large Australian company told us that a number of staff had declined a Hong Kong posting saying that this was a “no brainer”).

Prime Minister, we urge you to work with your Treasurer to reconsider this amendment, one which we believe strikes at the heart of Australia’s engagement with Asia.

On behalf of the Australian business community in Hong Kong (the largest concentration of Australian businesses in Asia), we ask that you consider the unintended consequences of this move for the sake of the nation’s future place in an increasingly globalised world.

Yours Sincerely,

Jacinta Reddan
Chief Executive
The Australian Chamber of Commerce in Hong Kong

CC:

Treasurer, The Hon Scott Morrison MP
Minister for Foreign Affairs, The Hon Julie Bishop MP
Minister for Trade, Tourism and Investment, The Hon Steven Ciobo MP
Minister for Revenue and Financial Services, The Hon Kelly O’Dwyer MP