

Foreign investors face 100pc tax rate hike on student housing



Intergen Property Group's Trevor Hardie.

By Mackenzie Scott

11:00PM October 17, 2018

The federal government has been called on to reconsider proposed increases to tax rates on foreign investment in student housing, with industry bodies and executives saying the move could lead to falling supply and strain the wider rental market.

The proposals under the Treasury Laws Amendment (Making Sure Foreign Investors Pay Their Fair Share of Tax in Australia and Other Measures) Bill 2018 would reclassify student housing from commercial to residential, therefore forcing foreign investors to pay double the withholding tax rate - a jump from 15 per cent to 30 per cent.

Trevor Hardie, chief executive of Intergen Property Group, which represents overseas investors in student accommodation, said the bill would hurt the international student sector.

“Almost all of the investment in the purpose-built student accommodation sector is coming from overseas, yet the government wants to change the rules midstream and penalise them for investing in Australia,” Mr Hardie said.

The Property Council of Australia argues the change would place pressure on the housing market as international students are forced to find alternative accommodation.

“Any reduction in the supply of purpose-built student accommodation could place further pressure on housing markets, particularly in areas near university precincts,” the PCA wrote in its submission to the government.

The proposed changes are subject to a Senate Inquiry, beginning next month.

The Property Council submission noted that the commercial purpose-built student accommodation sector is valued at about \$8 billion. It provides about 44,000 dedicated beds around the nation.