

## The Queensland Government's land tax surcharge on foreign investment risks the health of the commercial property market

**An \$80 million property deal has fallen through and more are likely because of the State Government's land tax surcharge on foreign investment.**

Chris Herde, The Courier-Mail  
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Foreigners make up 30 per cent of all major commercial property transactions in Queensland.

THE Queensland Government's targeting of foreign investors in the commercial property sector has put millions of dollars of potential investment in doubt.

Intergen Funds Management chief executive Trevor Hardie said the 2 per cent land tax surcharge on foreign companies and trustees of foreign trusts has put the brakes on offshore investment in Queensland.

[Why foreign property investment has fallen](#)

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Mr Hardie, who is the Australian-based representative of a number of mostly Singapore-developers and investors, said the tax grab, which kicked in at the start of this financial year, will hurt the property market.

“We have just pulled out of an \$80 million deal the other week because of the surcharge which meant it was an extra 40 basis points reduction in the yield that we would have received,” he said.

“In this low yield environment that wasn’t acceptable to us so we withdrew.”

As a counterbalance the State Government is formulating ex gratia relief guidelines which Mr Hardie believes will have a “significant benefit to the state” clause.

“But it’s unclear what that means so the market is in a state of flux at the moment,” he said.

Offshore capital currently makes up about 30 per cent of all major Queensland commercial transactions.

But Mr Hardie said this was in peril with a groundswell of resentment against taxes on foreign investors.

“The state and federal governments have been imposing tax after tax on foreign groups and it’s just making it harder and harder to commit to capital into Australia,” he said.

The Property Council of Queensland has met with deputy Premier and Treasurer Jackie Trad over the issues and said she was “receptive” to their concerns but no decision as yet has been made.

Ms Trad was not immediately available for comment.

Last month Property Council Queensland executive director Chris Mountford said the surcharge meant offshore investors potentially seeing a near doubling of their overall land tax bill.

“When it comes to foreign investment, the Queensland premier and ministers are happy to fly around the world spruiking investment in the Sunshine State, but what they seem to forget is that an investment needs to stack up,” he said.

“It’s the bottom line on the investor’s spreadsheet that determines whether they invest in Queensland, or anywhere else in the world.

“This tax slug makes job-generating investment from offshore players in key sectors like tourism less likely in Queensland.

“Sadly, this is just the latest in a long line of tax hits for people who have chosen to invest in Queensland.”

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