

Dear Sirs,

I realise that the closing date for the second round of submissions has closed.

I would like simply to draw your attention to a letter I have submitted to *The Australian* newspaper today, as follows:

Dear Editor,

Judith Sloan's article 'Attacks on negative gearing fly in face of the facts' (Aug 30-31) contains a significant inaccuracy where she asserts that to disallow the cost of borrowing to investors would amount to double taxation. Double taxation occurs where the beneficial owner of an investment bears tax more than once on a single source of income. In the case of property financing, the income received by a lender is quite distinct. Two taxpayers, two distinct businesses, each taxable on its own, ergo no double taxation.

The basic rules of the ITAA are often overridden to achieve policy objectives. Abuse of the negative gearing provisions that is driving the current speculation in existing housing stock could be overcome, quite fairly to all parties, by quarantining losses so that they could only be recouped against income of the same class, i.e. from direct property ownership, in either the current or future years. This was done a few years ago in the case of foreign business losses.

Yours faithfully,

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