



Build to Rent Tax Changes - reverse	
Party:	The Coalition
Summary of proposal: The proposal would terminate the <i>Build-to-Rent</i> ¹ tax measures. The proposal would start on 1 July 2025.	

Costing overview

The proposal would be expected to increase the fiscal cash balance by around \$190 million and the underlying cash balance by around \$110 million over the 2025-26 Budget forward estimates period (see Table 1). This impact reflects an increase in taxation revenue.

The proposal would be expected to have an impact beyond the 2025-26 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2035-36 is provided at Attachment A.

Table 1: Build to Rent Tax Changes - reverse
Build to Rent Tax Changes - reverse – Financial implications (\$m)^{(a)(b)}

	2025-26	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	20.0	35.0	55.0	80.0	190.0
Underlying cash balance	10.0	20.0	30.0	50.0	110.0

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in the totals.

Key assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions in costing this proposal.

- The funding associated with the Build-to-Rent program will be returned to the budget from 2025-26 under the proposal.
- There would be no costs incurred for the termination of uncontracted portions of this program.

¹ The Housing (Build-To-Rent Developments) measure announced in the 2023-24 Budget incorporated accelerated tax deductions and a reduced managed investment trust withholding tax rate for eligible new build-to-rent projects where construction commenced after 7:30pm on 9 May 2023 (Budget night) [2023-24 Budget - Budget Paper 2, page 52](#). The measure was extended at the 2024-25 MYEFO to existing build-to rent (BTR) developments (that is, those which were constructed or under construction before 7:30pm on 9 May 2023) [Mid-Year Economic and Fiscal Outlook 2024-25, page 11](#).

Methodology

The funding profile for the Build-to-Rent program was provided by the Treasury.

Financial implications were rounded consistent with the PBO's rounding rules.²

Data sources

The Treasury provided the funding profile of the Build-to-Rent program.

Australian Government (2023) [*2023-24 Budget - Budget Paper 2*](#).

Australian Government (2024) [*Mid-Year Economic and Fiscal Outlook 2024-25*](#).

Commonwealth of Australia (2025) *Pre-election Economic and Fiscal Outlook 2025*, Commonwealth of Australia.

² <https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules>

Attachment A – Build to Rent Tax Changes - reverseBuild to Rent Tax Changes - reverse – Financial implications

Table A1: Build to Rent Tax Changes - reverse – Fiscal balance (\$m)^(a)

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
Revenue													
Tax revenue													
<i>Build to rent - Reduced MIT withholding</i>	20.0	35.0	45.0	70.0	80.0	90.0	100.0	120.0	130.0	150.0	160.0	170.0	1,000.0
<i>Build to rent - Accelerated depreciation</i>	..	..	10.0	10.0	10.0	10.0	10.0	10.0	20.0	20.0	20.0	20.0	120.0
Total (excluding PDI)	20.0	35.0	55.0	80.0	90.0	100.0	110.0	130.0	150.0	170.0	180.0	190.0	1,120.0

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

.. Not zero but rounded to zero.

Table A2: Build to Rent Tax Changes - reverse – Underlying cash balance (\$m)^(a)

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
Receipts													
Tax receipts													
<i>Build to rent - Reduced MIT withholding</i>	10.0	20.0	30.0	40.0	50.0	60.0	80.0	90.0	100.0	120.0	130.0	100.0	730.0
<i>Build to rent - Accelerated depreciation</i>	..	..	..	10.0	10.0	10.0	10.0	10.0	10.0	20.0	20.0	10.0	100.0
Total (excluding PDI)	10.0	20.0	30.0	50.0	60.0	70.0	90.0	100.0	110.0	140.0	150.0	110.0	830.0

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

.. Not zero but rounded to zero.

Table A3: Build to Rent Tax Changes - reverse – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
<i>Fiscal balance</i>	0.2	0.9	2.0	3.9	6.5	9.7	13.7	18.6	24.2	31.0	39.0	7.0	149.7
<i>Underlying cash balance</i>	0.2	0.7	1.8	3.4	5.9	8.9	12.7	17.4	22.8	29.3	37.0	6.1	140.1

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary³.
- (b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

³ [Online budget glossary – Parliamentary Budget Office \(pbo.gov.au\)](https://pbo.gov.au/online-budget-glossary)