**SUBMISSION**

Re Capital Gains Tax and the Main Residence Exemption:

As a tax agent of long standing currently conducting business on the rural fringe/green wedge areas I submit that the extraordinary inequity applying to main residence exemption should be addressed.

A family home sited on more than 2 hectares of land, which has been purchased after 19 September 1985, and is not considered to be a business will be subject to capital gains tax on any capital gain on the land component on a sale of the property, no matter how modest the value of the property or the amount of gain arising on the land component of the property, while a main residence exemption without limit is available for all other main residences, no matter how valuable, or how substantial the gain, where the land component does not exceed 2 hectares.

I submit that this gross inequity, which impacts on ordinary taxpayers who own a home with a bit of land in this area, should be immediately addressed to improve the integrity of the tax system. The change could be funded by a limitation on the amount of capital gain on the disposal of any main residence which would be exempt (for example see US tax provisions in existence for at least past 20 years).