INSTITUTE OF PUBLIC ACCOUNTANTS

Targeted amendments to the Division 7A integrity rules

November 2018

Introduction

The Institute of Public Accountants (IPA) welcomes the opportunity to offer our **'Targeted amendments to the Division 7A integrity rules'** submission and looks forward to working with The Treasury in providing feedback on the implications with respect to the proposed amendments to Division 7A.

The IPA is one of the three professional accounting bodies in Australia, representing over 36,000 accountants and students throughout Australia and internationally. The IPA prides itself in not only representing the interests of accountants but also small business and their advisors.

We look forward to discussing in more detail the IPA's submission and its recommendations. Please address any further enquires to Tony Greco, General Manager Technical Policy via tony.greco@publicaccountants.org.au

23 November 2018

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Dear Sir/Madam

Consultation Paper: Targeted amendments to the Division 7A integrity rules

The IPA welcomes the opportunity to provide this submission in response to the Government's consultation paper entitled "Targeted amendments to the Division 7A integrity rules" (the Treasury consultation paper).

Private business owners and their advisers have long argued for changes to the operation of Division 7A of the *Income Tax Assessment Act 1936* (Division 7A) to address some of the current uncertainty, complexity, and lack of commercial consideration with respect to loans, payments and/or debt forgiveness made by a company to its shareholders (or associates).

We therefore, welcome this important consultation and are supportive of any amendments to Division 7A which achieves the objective of easing the compliance burden for small business and their advisers, and which does not cause an impediment or a hindrance to the way in which taxpayers operate their businesses, particularly with the reinvestment of their funds for working capital purposes.

Our submission addresses the key discussion questions of concern to our members. It will also refer to the report prepared for the Assistant Treasurer by the Board of Taxation (BOT) following its post-implementation review of Division 7A The BOT report was issued in November 2014 and follows a discussion paper released in

December 2012 and a second discussion paper with extended terms of reference in November 2013.

Legislative references are to the *Income Tax Assessment Act 1936* (ITAA36) unless otherwise specified.

Executive summary

The Government has long championed small business taxpayers by reducing the cost of doing business through reduced taxes and by cutting red tape. The recent reduction to company tax rates for small business from 27.5 per cent to 25 per cent is an example of this pro-business stance.

Following the release of the Treasury consultation paper, we were disappointed to find that certain aspects of the proposed amendments to Division 7A were not at all “business-friendly” and imposed unnecessary constraints and costs to small business. In fact, some of these proposed changes could lessen the benefit of having a lower corporate tax rate. The Government has recently proposed setting up $2 billion dollar Australian Business Securitisation Fund recognising that small businesses have difficulty accessing funds and hence the importance of not putting more unnecessary burdens on the reinvestment of working capital for trading purposes.

A summary of our observations and concerns in relation to certain aspects of the proposed amendments to Division 7A, which is to apply from 1 July 2019, are as follows:

Proposed 10-year loan model

- While we support a single 10-year loan agreement, the proposed model contained in the Treasure consultation paper varies to the amortisation or interest-only model which were previously proposed by the BOT. Comparatively, these models provided taxpayers with more flexibility on their repayment terms than the proposed model - which requires annual repayments of principal and interest. In that regard, we prefer a model similar to that of the amortisation model which allows for longer repayment terms.

- The higher benchmark interest rate under the proposed model (which is over 300 basis points higher than the current rate) will lead to higher interest costs and repayment amounts; placing a greater financial burden on business owners. We recommend that a lower benchmark interest rate be considered to reduce costs for business owners and to facilitate the movement of funds within private groups.

- We welcome the legislative clarification provided on unpaid present entitlements (UPEs) owing by trusts to companies falling within the scope of Division 7A. However, we consider that the proposed 10-year loan model is inappropriate for trading trusts which have such UPEs. The loan model is inadequate as it does not allow for working capital to be retained in such trading trusts without requiring annual Division 7A loan repayments. Critically, we envisage that this could cause ongoing working capital issues. In our view, the business income election ('tick-a-box' option) as previously proposed by the BOT would alleviate these issues by exempting such UPEs from Division 7A in return for the foregoing the CGT discount for CGT assets disposed of by the trust.

- We welcome the requirement to not have written documentation for complying loan agreements; however, we recommend that the ATO provide appropriate guidance as to what constitutes an acceptable agreement or provide a useable proforma agreement.

Transitional rules

- We recommend that pre-existing seven-year secured and 25-year unsecured loans be grandfathered so as to provide certainty for business owners. Transitioning such loans to the proposed 10-year model would not be appropriate as it would require retrospective changes to loan terms and would also likely cause cash flow issues.

- Similarly, we would also recommend against transitioning pre-December 1997 loans to a 10-year loan arrangement. We consider that such loans be grandfathered such that it be aligned with the traditional long-held view that such loans are quarantined from the operation of Division 7A. The surrounding uncertainty around the statute barring of such loans under the relevant Limitations Acts, as contained outline by the Commissioner of Taxation (the Commissioner) in Practice Statement PS LA 2006/2 (GA), also supports this approach and would make it fair and equitable for all affected taxpayers.

Removal of distributable surplus

- The proposed removal of the distributable surplus was unexpected and raises concerns over the fact that **any** extraction of funds by company shareholders (or associates) will give rise to an unfranked deemed dividend.

- Any removal of the distributable surplus warrants closer examination as there are situations where it could lead to double taxation of the same amount. We strongly urge that the distributable surplus be retained in keeping with the BOT's previous recommendations in its report.

Self-correction mechanism

- We are supportive of a self-correction mechanism for taxpayers to rectify inadvertent breaches of Division 7A without penalty (rather than have the Commissioner apply his discretion).

- We however seek clarification on whether a taxpayer would still be eligible for the self-correction mechanism if they cannot fully meet their catch-up loan repayments as a consequence of remedying an inadvertent breach of Division 7A.

Period of review

- It is proposed that the period of review for payments, debt forgiveness and loans which give rise to the operation of Division 7A be increased to 14 years. There was no specific basis given in the Treasury consultation paper for the increase. We can only assume that this is required to address concerns that over the years taxpayers have claimed the Commissioner is out of time to amend to include a deemed dividend that arose outside the amendment period.

- While our preliminary view is that the review period appears excessive (even though we can see the benefit of such a length of time for the self-correction mechanism). We seek justification for the extended term in light of the current review period being four years (unless there is fraud or evasion).

Rewrite of the Division 7A provisions

- Lastly, we support a rewrite of the Division 7A provisions from the ITAA36 to the *Income Tax Assessment Act 1997* (ITAA97) to provide simplicity and clarity for users.

The IPA has a small business focus and aspects of the measures detailed above are welcomed. However, the proposed 10-year loan model, not providing relief for the working capital requirements of trading trusts, the proposed treatment of pre-1997 loans, and the removal of the distributable surplus are areas which would be of concern to our members who serve small businesses.

In particular, these proposed measures (or lack of) will act as an impediment to growth and productivity. We therefore request that the Government carefully re-evaluate these aspects with the view to supporting, rather than hindering, small businesses and their advisers.

1. Proposed 10-year loan model

In principle, we are supportive of a maximum term 10-year single loan model to replace the current loan requirements of a maximum 7-year unsecured loan or a 25-

year loan secured by a registered mortgage over real estate. The new rules are intended to apply from 1 July 2019.

The BOT had previously recommended that an amortisation model, or an interest-free model as their preferred replacement loan model. The model proposed in the Treasury consultation paper differs to the models proposed by the BOT. In our view, some of the features of the proposed loan model will place unnecessary financial burden on business owners.

Our comments on the salient features are as follows:

Minimum yearly repayment amount

The Treasury consultation paper recommended a minimum repayment amount which consists of both principal and interest repayments with:

- the principal component being a series of equal annual payments over the term of the loan (i.e. 10 years), and
- the interest component being the interest calculated on the opening balance of the loan each year using a higher variable benchmark interest rate.

The Treasury consultation paper cites that this revised 10-year model is preferred as annual payments encourage proactive cash flow management by businesses and reduce the size of payments (ten smaller payments) relative to the amortisation model.

A feature of the amortisation model however as proposed by the BOT was that it enabled a three-year interest only period before principal and fixed rate interest repayments were required to be made upon reaching certain milestones. Notwithstanding the larger repayments, this would allow flexibility for business owners to better manage their overall cash flow position, as it is not always commercially realistic to make repayments in the early years. As such, this is our preferred loan model.

Proposed benchmark interest rate

The new benchmark interest rate proposed under the new 10-year model is currently at 8.3%[1] (determined at the start of the income year). This rate is over 300 basis points higher than the current benchmark rate of 5.2%[2] (for the year ended 30 June 2019).

Ultimately, a higher interest rate leads to higher minimum repayments and interest costs – placing a greater financial burden on business owners. Further, as any interest component on repayment would be assessed to the company and taxed at the corporate tax rate; this would reduce the available cash to the business.

The immediate overall costs of accessing funds from the company would therefore be higher to the business owner than the prescribed rate of 8.3 per cent.

For example, the case study facts in the Treasury consultation paper (at page 6) specifies that the minimum repayment on the $100,000 loan to Bert for year 1 is $18,500 (comprising of a $10,000 principal component and $8,500 interest component – ie an interest rate of 8.5 per cent). The interest component would be assessed to the company, of which $8,500 would be subject to the corporate tax rate (assuming a 25per cent for small business), As such, $2,125 of income tax would be payable.

Therefore, the total cost to Bert the business owner is $10,625 (i.e. $8,500 + $2,125); effectively a 10.625 per cent interest rate. The benefit of a franking credit for the tax paid will only be realised upon the future payment of a franked distribution. In the short to medium term, this is unlikely to occur as funds would typically be retained within the company for working capital purposes rather for payment of dividends.

While the BOT's report observed that "a lower rate acted as an incentive for shareholders to borrow funds from their company to purchase non-deductible

[1] *Small business; Variable; Other; Overdraft – Indicator* (Reserve Bank of Australia)
[2] *Housing loans; Banks; Variable; Standard; Owner-occupier rate* (Reserve Bank of Australia)

acquisitions, rather than receiving a dividend with which they can make the purchase", we do not fully agree with this view.

In our experience, business owners typically prefer to obtain a Division 7A complying loan as a source of funds in favour of drawing a franked dividend as the loan provides greater purchasing power and cash flow benefit.

Again, using the example on page 6 of the Treasury consultation paper, if Bert required $100,000 to fund his renovation; he would be required to draw a franked dividend that would be greater than $100,000 to also meet his tax liability on the amount assessed to him. If Bert was paying tax at the top marginal rate, by virtue of the imputation system, it would cost him a further 22 per cent to fund his renovation (being the difference between 47 per cent and 25 per cent corporate tax rate).

Further, the Government needs to be mindful that for most business owners, their private trading company is their primary source of readily accessible liquidity; with access to alternative external financing either unavailable or coming at a significant cost. Making those funds available and reducing the cost of access will facilitate growth and productivity. The proposed model hampers the flow of finance between entities within a family group by virtue of making the access to funds more expensive and requiring more frequent repayments.

For the above reasons, having an interest rate which is not adversely excessive would facilitate the movement of funds with private groups and reduce overall cost to business owners.

Working capital requirements for trusts

We welcome the legislative clarification on unpaid present entitlements (UPEs) owing from a trust to a company under Division 7A. This will remove any uncertainty in relation to their treatment under the current law and also the reliance placed on the administratively difficult Practice Statement PSLA 2010/4 (such as the creation of sub-trust arrangements).

Specifically, the consultation paper confirms that UPEs are to be treated within the scope of Division 7A and treated as either a deemed dividend or can be placed on ‘complying loan terms’.

We were disappointed to find however that the Treasury consultation paper did not properly address issues in relation to the working capital requirements of trading trusts which have UPEs owing to private companies.

The retention of funds as working capital within a trading trust is fundamental for the productivity and growth of a business. The 10-year loan model proposed is unworkable if a trust is required to make annual loan repayments for UPEs which fall within the scope of Division 7A . We foresee this as being an on-going issue and would only be exacerbated year-on-year as more UPEs are placed on Division 7A complying terms. This would inevitably pose cash flow difficulties as larger annual repayments are required.

To address these working capital issues, the BOT’s final report recommended that there be a business income election option (or ‘tick a box’ option) under the amortisation model. This option would allow loans from a company to a trust to be excluded from the operation of Division 7A provided that the trust forgoes the CGT discount on the disposal of assets, with the exception of goodwill. The intention was to treat such loans as though they were between company taxpayers (similar to the exemption available under s109K). The BOT had noted broad support for this approach.

Undoubtedly, trading trusts will encounter difficulties managing their working capital if there is no relief from the operation of Division 7A on UPEs. We urge that the Government re-evaluate its loan model to ensure that it provides adequate support to the working capital requirements of trading trusts. The BOT’s proposed ‘tick-a-box’ option warrants further examination and, in our view, would alleviate the working capital issues faced by trading trusts.

Formal loan agreement

The Treasury consultation paper states that there will be no requirement for a formal written loan agreement, however written or electronic evidence showing that the loan was entered into must exist by the lodgement day of the private company's income tax return which shows certain details such as parties to the agreement, date and other evidence of execution.

While the need not to have a formal written agreement is welcomed, we consider that guidance from the ATO as to what constitutes satisfactory evidence, or alternatively, a pro-forma agreement – similar to that found for Fringe Benefits Tax declarations and elections would go a long way to providing clarity and certainty for taxpayers.

2. Transitional rules for existing Division 7A loans

For pre-existing loans under a complying Division 7A loan agreement, the Treasury consultation paper proposes the following transitional measures:

Pre-existing seven-year loans

For those complying 7-year loans in existence as at 30 June 2019, the Treasury consultation paper suggests that those loans will need to comply with the new loan model and new benchmark interest rate but will retain their existing loan term.

Our concern with this approach is that there are pre-existing s109N loan agreements in place which are binding on the parties and will require a variation to the terms of the relevant agreement so that they comply with the new proposed loan model.

We do not agree with this approach as it also imposes an additional financial cost on business owners as they will be subject to a higher interest rate despite having acted in good faith in ensuring that they have in place a complying loan arrangement.

In our view, the better approach is to grandfather these loans so that they serve out their remaining terms in accordance with the current provisions (including the current benchmark interest rate). As an alternative, the BOT's recommendation that pre-existing loans have their period reset to 10 years to assist with repayments also warrants consideration.

Pre-existing 25-year loans

For those complying 25-year loans in existence as at 30 June 2019, the Treasury consultation paper suggests that these will be exempt from the majority of changes until 30 June 2021. However, the interest rate payable for these loans during this period must equal or exceed the new benchmark interest rate.

In our view, as the case with seven-year loans, it would be inappropriate to retrospectively amend a pre-existing 25-year binding loan agreement to a 10-year loan. The shortening of the loan term and the increase to the new benchmark interest rate would raise the minimum repayment and would likely cause cash flow issues for business owners.

For these reasons, we back the previous view offered in the BOT's report which supported the proposition that complying 25-year loans should have their terms grandfathered; that is, repayments should be paid with interest over the remainder of the 25 years. The interest rate as applied to the current provisions should also be retained. This will provide certainty and will not cause unnecessary financial stress on business owners.

Pre-1997 loans

A specific concern for our members is the potential adverse outcomes in relation to pre-existing loans which predate the application of Division 7A.

Company loans entered into before 4 December 1997 (pre-1997 loans) will, under the proposed transitional rules, be subject to the operation of Division 7A and will convert to a 10-year loan. This is however subject to a two-year grace period.

The adopted position has surprised and concerned many as it has long been accepted that pre-1997 loans were quarantined and do not attract the operation of Division 7A unless:

- the terms of the loan are varied, or
- the loan is statute barred under the relevant Limitations Act (ie subject to debt forgiveness).

For pre-1997 loans that have been statute barred, the Commissioner has previously acknowledged in Practice Statement PS LA 2006/2 (GA) that, "as a matter of practical compliance and sensible administration", no active compliance action on these loans would be taken.

The Commissioner at paragraph 4 cited a range of difficulties for choosing not to take active compliance action (reproduced below):

- *"…the complexity of Division 7A of the ITAA 1936 and the fact that this particular issue arises from the interaction of two quite separate codes of law. The state and territory based limitation of action provisions impact on parts of the income tax law, that is, the commercial debt forgiveness provisions, which in turn affect Division 7A, giving rise to an adverse tax outcome. This means that taxpayers may have been unaware of the effect of this issue on their tax affairs.*
- *the complexity provided by variation in state and territory limitation of action provisions, leading potentially to differing results across Australia. It is also arguably unclear how provisions in some State and Territory laws that 'revive' statute barred debts will apply.*
- *the general scheme of Division 7A of the ITAA 1936 to 'grandfather loans' made before its introduction, and the doubt this brings to an interpretation leading to the outcome that mere inaction would cause a significantly unfavourable tax outcome.*
- *this issue provides no ongoing risk to the tax system. Current provisions in Division 7A of the ITAA 1936 mean that a loan would be brought to account as*

a deemed dividend at a point in time before it could be deemed forgiven merely by expiration of the statutory period under a relevant Limitations Act.

- *issues of inequity amongst taxpayers arise because of the significantly differential treatment that limitations in the operation of the amendment provisions at section 170 of the ITAA 1936 cause. Action to amend assessments would necessarily be limited to only a small proportion of loans taken out shortly before enactment of the provisions in Division 7A.*
- *the fact that taxpayers first confronted this issue at a time when they and their tax advisers were dealing with a range of new laws of high volume and complexity. Analysis of old arrangements at this time would be difficult and involve high compliance costs for taxpayers."*

Further, the practice statement states "the fact that a loan has become statute barred may be evidenced by the writing down of the loan in the financial statements or accounts of an entity."

The Government in the Treasury consultation paper "expects that **many** loans would have previously been statute barred and previously given rise to deemed dividends" [emphasis added]. However, the operation of PS LA 2006/1 (GA) would have meant that many statute barred loans would have unlikely been assessed as deemed dividends in the hand of shareholders (or their associates).

This pragmatic approach of the Commissioner has, for the last 12-years, been accepted and relied upon by small businesses and practitioners and has provided certainty in relation to the treatment of pre-1997 loans.

The concern for us however is that the Treasury consultation paper proposes that only pre-1997 loans which have not already been forgiven from statute barring and continue to be reported in tax returns will be subject to the transitional rules. Put another way, pre-1997 loans which are still recognised or acknowledged by business owners must be converted to 10-year loans.

Concerns relating to pre-1997 loans

Our members have informed us that they feel aggrieved with the proposed treatment of pre-1997 loans as, for the last 20 years, they have acted in good faith in the belief that such loans would be grandfathered from the operation of Division 7A.

If implemented as proposed, the issues that we consider would arise include:

- **Uncertainty as to whether loan previously statute barred:** The uncertainty stems from the fact that a pre-1997 loan may have been statute barred, whether unknowingly to the business owner or adviser, but is still recognised in the accounts and/or company tax return and not yet written-off.

  The mere fact that the loan is disclosed is not necessarily determinative that it has not been statute barred under a relevant Limitations Act. Case law over the years have not been conclusive; some have concluded that a signed set of financial statements is not sufficient acknowledge of the debt (see *VL Finance Pty Ltd v Legudi* [2003] VSC 57) while others have reached an alternative view (see *Breakwell v FCT* [2015] FCA 1471).

  Consequently, we anticipate that there would be increased compliance costs incurred by business owners to review the history of their pre-1997 loans if such loans require conversion to 10-year loans under the transitional rules.

- **Cash flow difficulties:** For companies which still recognise pre-1997 loans, the conversion of what was a "grandfathered" loan will place undue cash flow impediments on business owners who now, will be required to source funds which they may not have or are tied up in the business.

In our view, for these issues to resurface after such a long period of time, is unfair and inequitable for those with business owners with pre-1997 loans.

In particular, the views expressed by the Commissioner in PSLA 2006/1 (GA) highlights the difficulties in ensuring compliance. Therefore, the superior approach would be for pre-1997 loans to be grandfathered so as to provide certainty to this issue. We would stress that the Government not implement this transitional measure as intended.

3. Removal of the distributable surplus

To our surprise and concern, the Treasury consultation paper proposes the removal of the current meaning of "distributable surplus" so that dividends can be deemed for the entire value of the benefit that was extracted from the private company. The Treasury consultation paper further states that "this will align the treatment of dividends with s254T of *the Corporations Act 2001 (Cth)* (s254T) which allows dividends to be paid out of both profits and capital".

In its current form, the "distributable surplus" acts as a notional profit to determine the maximum dividend amount which can be paid. The amount, as determined under s109Y is reduced by the total of any loans which have previously been taken to be a deemed dividend, any paid up share capital and certain repayments of loans previously taken to be a deemed dividend.

While not made explicitly clear, it would be reasonable to conclude that the rules contained in s254T would instead act as a proxy as to the allowable extent to which a dividend can be paid by a company. If so, distributions cannot be in breach of s254T which requires, amongst other things, that "assets" exceed "liabilities" immediately before the dividend is declared and the excess is sufficient for the payment of the dividend. The meaning of "assets" and "liabilities" comprised in this s254T "net assets" definition is determined in accordance with the accounting standards.

Possible double taxation

If reliance is placed on the s254T meaning of "net assets" as a proxy distributable surplus, loans previously recognised as deemed dividends under Division 7A could be subject to double taxation. Consider the following example:

Example: Double counting of previously deemed dividend

- Assume that a company has a cash balance of $100,000 from operating profits and decides to lend that amount to a shareholder without putting in place a Division 7A complying loan agreement (assuming no liabilities).

- Such an amount would be assessed to the shareholder as an unfranked dividend under Division 7A and tax payable at the individual's marginal tax rates.

- The loan to the shareholder will still be recognised in the balance sheet for accounting purposes as follows:

  Year 1

Assets	
Shareholder loan (non-complying)	*$100,000**
	$100,000
Liabilities	***$0***
Net assets	***$100,000***

  ***** *Deemed dividend*

- Assume that in the second year, there is a cash balance of $100,000 which is sourced from external borrowings (in additional to the $100,000 shareholder loan) as follows:

  Year 2

Assets	
Shareholder loan (non-complying)	*$100,000*
Cash	*$100,000*
	$200,000

Liabilities	
Bank loan	*($100,000)*
	($100,000)
Net assets	***$100,000***

- The "net assets" value for s254T purposes is $100,000. In effect, this amount represents the $100,000 was that previously subject to tax as a deemed dividend as the cash and bank loan "net out".

- Absent the concept of a distributable surplus, if the borrowed amount of $100,000 were to be loaned to the shareholder **without** implementing a Division 7A complying loan agreement, the shareholder would be assessed on $100,000 as an unfranked dividend. Conceptually, the shareholder is assessed on an amount that was previously deemed as a dividend and already subject to tax.

- Under the current rules, there would have been no distributable surplus as the amount previously deemed as a dividend would have been excluded from the calculation. The distributable surplus calculation prevents double counting and therefore, double taxation on previously taxed amounts.

The proposed removal of the distributable surplus is undesirable and is at odds with the recommendation in the BOT report which had sought to retain the measure as is. In light of these potentially adverse outcomes, we urge the Government to not implement this proposed measure of removing the distributable surplus.

4. Self-correction mechanism

We are supportive of a self-correction mechanism for taxpayers to rectify inadvertent breaches of Division 7A without penalty. This is preferred, rather than having the Commissioner apply his discretion as is presently the case.

We also have no objections to the eligibility requirements imposed on taxpayers before they can self-correct. Any defined terms however such as an "inadvertent breach" would need to be clearly explained so as to avoid uncertainty. We would expect the Commissioner to issue guidance to assist taxpayers in understanding their requirements to self-correct (such as a Law Companion Guide).

On the issue of requiring catch-up payments where the effect of a prior year deemed dividend is reversed, we would like further clarification on the implications if the total payment of interest has not been fully made or the taxpayer does not have the adequate funds to do so. It is expected that in some cases taxpayers may require additional time to make these payments particularly in light of an unforeseen inadvertent breach.

5. Period of review

Again, we were surprised to learn of the intention to extend the period of review for Division 7A from the current four years to 14 years after the end of the income year in which the loan, payment or debt forgiveness gave rise or would have given rise to a deemed dividend.

In our view, the 14-year period of review appears excessive. The Treasury consultation paper does not provide any rationale for having 14 years as the review period, only to state that other areas of the law provide extended review periods (eg capital gains tax and loss recoupment rules). While the extended term would assist those who wish to apply the self-correction mechanism, clarification would be useful as to gauge the basis for such an extended period. Ordinarily, the Commissioner can only amend a tax return after the four-year review period if there is any fraud or evasion.

Lastly, it is not clear in the Treasury consultation paper as to whether the proposed review period only extends to loans, payments and debt forgiveness after 1 July 2019 (and there is grandfathering for events which happen prior to that time). Again, further clarification is warranted.

6. Rewrite of Division 7A into the ITAA97

Lastly, as part of amending Division 7A, we recommend that the provisions be rewritten from the ITAA36 into the ITAA97 in a clearer and simpler manner to minimise the compliance burden whilst helping to protect the integrity of the tax system.

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We thank-you for the opportunity to make our submission and trust that you will find it of value. Please feel free to contact us directly should you require further clarification on any of the issues raised or other questions related to our submission.

Yours sincerely

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