

999-1480



TREASURER

Dr Dennis Jensen MP
Chair, House of Representatives Standing Committee on Petitions
PO Box 6021
Parliament House
CANBERRA ACT 2600

17 JUN 2015

Dear Dr Jensen

A handwritten signature in cursive script, appearing to read 'Dennis'.

Thank you for your correspondence of 2 March 2015 (your reference 999/1480) referring to a petition submitted for the consideration of the Standing Committee on Petitions regarding the capital gains tax (CGT) treatment of gifts of real estate property from parents to disabled children.

The petition asks the House of Representatives to waive the CGT imposed on parents who gift property to their disabled child, and also seeks waiver of the CGT liability in a particular case. Given the independent status of the Australian Taxation Office (ATO), I am unable to waive a liability, or to influence the decisions of the ATO in particular cases.

Generally, the taxation of capital gains is designed to improve the equity of the taxation system by ensuring that those who earn income from the sale of capital investments do not have an undue advantage over wage earners or taxpayers with other forms of income. The current law is that change of ownership of an asset, including by gifting real estate property to a family or friend, is considered to give rise to a CGT event, which results in a CGT liability for the person gifting the property. In most cases this is considered to be the appropriate tax treatment.

However, there are currently provisions in the income tax law to assist families looking to provide for the long-term care of a family member with severe disability. For example, there is a CGT exemption for assets transferred into a Special Disability Trust for no consideration. Further consideration of changes to the CGT treatment for people in these circumstances is best considered in the context of the Government's current comprehensive review of the tax system.

I trust this information will be of assistance to you.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'J. B. Hockey'.

~~HON~~ J. B. HOCKEY MP