



Via email: economics.sen@aph.gov.au

Mr John Hawkins
Committee Secretary
Senate Economics Legislation Committee
Department of the Senate
PO BOX 6100
Parliament House
Canberra ACT 2600

Dear Mr Hawkins,

**INQUIRY INTO TAX LAWS AMENDMENT (2010 MEASURES NO. 2)
BILL 2010**

Thank you for the opportunity to provide a submission in relation to *Tax Laws Amendment (2010 Measures No. 2) Bill 2010* (the Bill).

I have pleasure in submitting the following submission which has been prepared by the Taxation Committee of the Business Law Section of the Law Council of Australia ('the Committee') in respect of the proposed changes to Division 7A of the Income Tax Assessment Act 1936 (Act) set out in Schedule 1 of the Bill.

Please note that the submission has been approved by the Business Law Section. Owing to time constraints, it has not been reviewed by the Directors of the Law Council of Australia.

1. Division 7A

Schedule 1 to the Bill seeks to amend Division 7A of the Act.

Division 7A was originally inserted in 1998 to deal with the mismatch between the private company tax rate and those tax rates for individuals which exceeded the lower company rate.

The Division has its clearest operation in relation to loans by a private company to shareholders. If the company was taxed at 30% and could indefinitely lend after tax company funds interest free to shareholders on a higher tax rate without any additional tax there would be created a means to avoid or delay the payment of tax on the differential.

Division 7A in effect requires a shareholder who receives a loan from a private company to pay a commercial interest rate on the loan.

Example 1.1

No Drips Pty Ltd earns income after tax (at 30%) of \$100,000. The company lends that income to Joe, the principal shareholder. Unless Joe enters into a complying loan agreement at a specified interest rate (with specified repayments of principal), Joe is treated as having received a deemed dividend of \$100,000.

Few could quarrel with the fairness, equality and minimum compliance costs involved with the existing Division 7A.

2. The proposed extension of Division 7A

It is considered that Schedule 1 to the Bill will significantly extend the operation of Division 7A in a way which is not consistent with the intent of the Division, and which will produce unfairness, inequality, and unreasonable compliance costs.

The proposed amendment will apply to all assets of a private company (regardless of when acquired) and will operate to deem a dividend to the shareholders of the company where the company "has provided the asset for the use" of the shareholder/associate. If it has, the shareholder/associate is to be taxed on the market value of having been provided with the use of the asset.

Example 2.1

Joe is a plumber and trades through his family company No Drips Pty Ltd. Joe and his wife Kate hold the shares in the company. The company earns in one year \$120,000 and after tax (at 30%) there is \$84,000.

From the residue of the income the company in 2007 purchased a car for \$25,000. Kate uses the car for family purposes. The company could have paid a fully franked dividend to Joe's wife and she then paid the difference in tax rates or get a tax refund (depending on her tax rate). The use of the car arises to Kate in respect of her shareholding in the company, not in respect of any employment of Joe or Kate (and hence fringe benefits tax is not applicable).

However, as the company has provided the car for use by Kate, she will be deemed to have received a dividend (without the benefit of franking credits for the company tax paid) equal to the deemed value of the use of the car.

If such a car is ordinarily rented for, say, \$50 a day, then Kate would have a deemed dividend taxable to her of \$18,250 ($\50×365 days) for the year.

If Kate uses the car for 3 years, the \$18,250 deemed income amount will be taxed to her every year – a total of \$54,750 arising from having the use of the \$25,000 car.

The company still owns the car, not Joe or Kate, but Kate will be assessed to tax because the car was provided to be used by her

If Kate wants to stop Division 7A operating in this way she will need to obtain a current market value of the use and pay that value to the company. Kate will need to keep the valuation up to date.

Example 2.2

Rick is an electrician who is the sole shareholder of his company, Rick's Electrical Services Pty Ltd. Rick pays himself a modest wage and uses the after tax profits of the company to develop his business, which now has five trucks and fifteen staff. Rick has a good relationship with his local bank which has financed the purchase of the trucks. However, when Rick asked for a personal loan for a family car for his wife, Lucy, he was advised that the bank would only lend to the company. After discussions between Rick's accountant and the bank, it was resolved that the bank will fund the company to purchase a car. This happened in 2007.

No income is either gained or produced, no deductions claimed by the company in respect of the car, and all running expenses are met directly by Rick and Lucy, from their own after-tax money.

As in Example 2.1 Lucy will, under the Bill, be deemed to have received an unfranked dividend equal to the value of the use of the car

3. The Bill operates retrospectively

When Division 7A was originally introduced express provision was made to ensure that loans that had been made by a private company to a shareholder/associate before 4 December 1997, when the Division came into effect, were not subject to the provisions; s109D(1),(5). In that way, existing arrangements were not subjected to the new deemed dividend rule.

No such general provision exists in Schedule 1 for existing arrangements in respect of assets of a private company. The Schedule applies to assets "provided for use" by a private company to shareholders/associates from 1 July 2009, including those assets acquired and used prior to when the Schedule commences, with tax calculated from that date.

Example 3.1

Sergio has a disabled daughter Maria.

In 1985 he and his wife Angelina decided that it would be good for their daughter, and a break for them, if she had her own place to go to on the weekends. During the week she lives with Sergio and Angelina.

Sergio decided to set up a company in order to separate the unit from his own assets (since it will be used by and provided to Maria) and to allow for the shares in the company to pass to Sergio's other children separate from their assets.

Sergio subscribed \$30,000 of his own funds for shares in a company Maria's Investment Pty Ltd to provide sufficient capital for it to buy the unit.

The money for the shares in the company were Sergio's after-tax dollars and it was not carrying on a business in order to generate profits to purchase assets with profits taxed at the company tax rate. No deductions for council rates, utilities or other associated expenses have been claimed since the unit has no income producing activity.

From 1 July 2009 under the proposed amendment to Division 7A, the provision of the use of the unit to Maria will give rise to a "payment" under s.109CA and a dividend will be deemed to have been paid to Maria, being an "associate" of Sergio. The exception in the proposed amendment to Division 7A would not apply because Maria's main residence is that of Sergio and Angelina where she resides. There is no tax advantage arising from this arrangement and no company 30% taxed profits were used to buy the unit, yet the proposed amendment will deem the use of the unit to be a payment and therefore a dividend in the hands of Maria every year.

If the ordinary rental on a unit of this type is \$500 per week, Maria will have to pay tax on notional income of \$26,000 every year, starting from 1 July 2009. Maria barely receives sufficient income to get by day to day, and if she is taxed on a notional amount of \$26,000, where no actual income is

received, she will not have sufficient funds to exist without constant support from her parents – whilst they are alive.

Example 3.2

No Drips Pty Ltd acquired a holiday house in 1980 for \$50,000 and every weekend it has been used by the shareholders Joe and Kate and their family.

Schedule 1 will apply from 1 July 2009 where the company provides the house for use by the shareholders, Joe and Kate, and will treat the shareholders as having derived notional income equal to the current market rent of that property i.e. \$30,000 per annum. Accordingly the shareholders will have to pay tax on the \$30,000 every year, or pay to their company a market rental rate for the use of the house (of \$30,000), and the company will be required to pay tax on that amount.

The arrangement for use of the holiday house has been in place since 1980, but the new tax will nonetheless be imposed from 1 July 2009.

With no relevant capital gains tax or stamp duty exemptions to enable Joe and Kate to restructure the ownership following the announcement of Schedule 1 and roll the holiday house out of the company to Joe, they are locked in retrospectively and will be assessed to the tax on notional income every year from 1 July 2009.

Example 3.3

John Spark and his wife Joan were born in Stanthorpe in Queensland. They met there and married.

John was an electrician and in the early 1970's he set up his own electrician business and traded in the name of a private company, Sparks Electricians Pty Ltd. John and Joan were the shareholders.

The business went well and in 1979 they decided to move from living with Joan's parents and buy a house in Stanthorpe. As all their savings were tied up in the company, it purchased the house for \$30,000 with borrowings from NAB.

In 1992 they decided to set up a shop in Brisbane. They moved from Stanthorpe and rented a unit in Brisbane. Every holidays and as often as they could, they returned to Stanthorpe to see family and friends. When there they stayed in the house.

Now John has retired but Joan's medical condition requires them to continue living in Brisbane until her condition improves. They still return as often as they can to the house in Stanthorpe.

The company has never claimed any tax deduction in respect of the house. Over the years the company has used the house as security for further borrowings from NAB of \$100,000 which were used to grow the business, and to invest in public company shares in the name of the company. It still owes the original \$30,000 borrowed from NAB to buy the house.

Under the proposed amendment to Division 7A, John and Joan will, from 1 July 2009, be deemed to have earned an income of \$300 a week from the house (that being the deemed market rent), or \$15,600 per year as notional income because the house is owned by their company and made available for their use. That income, and the tax payable on it, arises from 1 July 2009 when John and Joan did not even know what actual changes were proposed to be made to Division 7A.

John and Joan get no tax deduction for the rent of their Brisbane unit (nor do they expect one) but consider it unfair that they be required to pay tax on the notional market rent of \$300 per week (\$15,600 per annum) for the provision of the use of the house.

John and Joan would prefer to now hold the house in their own names, but will be required to pay stamp duty of over \$10,000 to do so – only to stop Division 7A applying to deem notional income from the forty year old corporate structure.

4. Company title

Under a typical company title structure, land is owned by a company specifically incorporated for the purpose of owning land. Individual units are allocated to shareholders and the purchase of a unit is by way of a purchase of shares in the company. The constitution of the company confers exclusive rights to occupy a certain part of the building and determines the rights and obligations of the shareholders regarding the maintenance and use of the building.

Example 4.1

Paul and Emma had always dreamed of living in a small house close to the city. They search for months for an affordable home in a Sydney suburb. They found a suitable, newly built house in Randwick, built as a duplex in a company title structure. Considering the location, the price was very reasonable as the land was a small block and due to the funding difficulties sometimes encountered arising from company title acquisitions. Paul and Emma decide to purchase the share in the company for the house.

The provision of the use of their house by the company to Paul and Emma would now be treated as a payment for the purposes of proposed amendment to Division 7A, and the notional value of the use of the house taxed to them. The time of the payment will be the time when Paul and Emma have a right to use the asset.

If the normal rental for a house in Randwick is \$600 per week, Paul and Emma will be taxable on that amount (\$31,200 per year) just for living in their house.

Increasingly new developments and subdivisions utilise a company title ownership structure in order to satisfy certain Council's local environmental plan conditions in relation to the minimum allotment size for attached dual occupancy dwellings.

The proposed amendment in the Bill provides that there will be no deemed dividend where the asset used is a principal residence, the company title existed before 1 July 2009, and a continuity of ownership test is satisfied. However, once the continuity of ownership test cannot be satisfied, the exclusion will no longer apply and the shareholder will be assessed on deemed dividends in relation to the right to use the unit. There will thus be no exclusion for a company title home acquired after 1 July 2009, and the owners will be deemed to have received income taxable to them equal to the notional rental of their own house every year. Once this occurs it will be difficult to market dwellings held under a company title structure to potential purchasers. In addition, there may be instances where purchasers are acquiring shares in the company concerned with a hidden tax impost going forward relating to the deemed dividends under Division 7A.

From a policy perspective, owners who are utilising company title structures on the basis that they can afford a smaller block of land should not be unjustly penalised by proposed deemed dividend provisions which they would not have turned their minds to. Indeed, a company title structure is not a tax effective method of owning real property but may in certain circumstances be a necessity. To inappropriately penalise such property owners directly undermines the Government's stated objective of increasing housing affordability.

5. Provision for use

The proposed amendment to Division 7A (proposed new s109CA(1) provides that a "payment" to a shareholder will include "the provision of an asset for use by the entity". The notion of "provision of" or "providing" an asset for use is not defined for the purposes of the Division.

It may be difficult for taxpayers to determine whether a private company has "provided" an asset for use in the absence of overly prescriptive provisions. The provision of an asset may encompass actual use of an

asset, exclusive access to an asset, but might also include a mere ability to use an asset without actual use – where others have a similar ability.

Example 5.1

Michael owns all the shares in Excel Pty Limited – which provides IT consulting services. Excel Pty Ltd owns premises and acquires various office fittings and furniture. Excel Pty Ltd also purchases some investment assets, such as sporting memorabilia acquired at charity auctions, and artworks. The artworks and sporting memorabilia are displayed in the Excel offices.

Following a break-in at Excel's premises, Michael decides that the most valuable painting should be kept somewhere more secure. Michael has a very secure house with a sophisticated alarm, and he decides for the time being to seal the painting in a specialised box and store it securely in his home study. At the same time, Michael takes home three office chairs and desks whilst Excel's offices are refurbished. He returns them when the refurbishment is complete.

At 30 June 2010 Michael's accountant tells him he now must pay tax on a notional amount of income if he did not pay for the use of Excel's assets. Has Michael been provided the artwork for use by Excel? Michael must try to determine whether the artwork, the chairs and desks were "provided for use" to him. Michael and his accountant cannot determine whether the artwork is provided for use if kept at his home, and whether it makes any difference whether the artwork was wrapped in a box or hung on a wall. Likewise, they cannot determine if the chairs and desks were provided for Michael's use, and whether it matters if they were stacked in his garage or his children sat on the chairs to watch television.

The difficulties of determining the extent of the "provision" of an asset for use are further illustrated below.

6. Provision of an asset not within the intent of Division 7A

The use of private companies to hold private use assets is not uncommon and does not ordinarily represent a tax benefit. In particular, there are no identifiable income tax/CGT benefits in an arrangement where after-tax dollars are spent to purchase assets for the use of shareholders and their associates through a private company.

Division 7A is designed to bring to tax amounts "paid" to shareholders that represent the company earnings but are not actually paid as dividends. The use of an asset owned by a company is not the application of company

profits – particularly where there are no company profits, but the asset is funded to the company by the shareholder themselves.

Example 6.1

Natalie has always had an interest in sailing and considers purchasing a yacht. Natalie has family in New Zealand and decides to acquire a yacht there to sail when she visits. For registration purposes, a local owner of the yacht is required. Natalie does not want to ask a family member to have their name as the registered owner of a yacht they do not use. After speaking with a local solicitor, Natalie decides to incorporate a company in New Zealand (NatSail) to hold the boat.

Natalie uses her after-tax earnings to subscribe for sufficient shares in NatSail to allow NatSail to purchase the boat. Natalie meets all the insurance, running and general repair costs of the boat herself. The company does not generate any income and therefore does not claim any tax deductions for its expenses.

No tax benefit is obtained by Natalie, who has funded the acquisition as well as the ongoing costs of the boat from her own after-tax funds. Further, the company remains the owner of the boat and liable to tax on any gain at company tax rates without the capital gains tax discount available to individuals. However, Natalie will now be assessed to notional income based on the provision of the boat for her use, as if that money had actually been paid to her by the company from its own earnings. This has not occurred.

Natalie must also determine the extent to which the yacht is “provided” to her, as noted at heading 5 above. If Natalie uses the yacht for 20 days, there has clearly been 20 days of use. But what of the remaining 345 days of the year? Has the yacht been “provided” to Natalie, on the basis she is able to use it if she wishes, even though she lives in Melbourne and uses the yacht only when in New Zealand?

7. Unintended operation of proposed amendment

The proposed amendment of Division 7A is described as being required to prevent companies buying assets for use by their shareholders using company profits taxed at only the 30% company tax rate. The proposed extension of the Division is however a blanket provision that will impose a substantial tax burden on taxpayers where no such company profits are used to acquire assets.

There are many existing structures involving company ownership of assets (other than dwellings used as a main residence) which are not designed as, and indeed are not, “tax effective” arrangements. In many cases, whether for asset protection reasons or otherwise, individuals will use a company structure funded from their own after-tax funds to allow the company to

purchase the relevant asset. The money used by the company is after-tax income of the individual, not company profits.

If a private company simply holds the relevant asset and does not generate income from the carrying on of a business, there is no mischief in holding assets in a company structure and allowing shareholders to utilise those assets.

Example 7.1

Reference is made to a recent private binding ruling issued by the Australian Taxation Office (Authorisation Number 76077), which is representative of a common corporate asset ownership structure used by taxpayers for many years where no tax advantage is sought or obtained. Briefly:

- The taxpayer holds all the shares in a private company (X), which incorporates a wholly owned subsidiary (Y). Company Y acquires a boat, which is not used for any income producing or business purposes, but is used by the shareholder and his/her family for private purposes. No deductions are claimed by the company in respect of the boat.
- The shareholder paid to Company X the amount required to acquire the boat, and Company X used the amount to contribute to Company Y to purchase the boat.
- The shareholder meets all expenses associated with the running and maintenance of the boat (directly or by reimbursement to Company Y for those expenses).

The shareholder did not want the boat to be owned by Company X or by himself/herself personally in the event that something should happen to the boat resulting in a significant liability. It was also desirable to isolate the boat in a special purpose company so all of the day to day expenses of the boat would be easier to identify for accounting purposes.

In the private ruling the ATO confirmed:

Division 7A did not apply because the use of the boat was not a "payment".

Further, the company is not entitled to any capital allowances in respect of depreciation of the boat, it will not be entitled to any capital loss arising from disposal (but will be subject to tax on any gains), and if Company Y sells the boat at a loss then there would be no capital loss to Company X.

In summary, the ATO confirmed the arrangement did not produce any tax advantage to the shareholder or the holding company in respect of the boat. The company ownership was convenient for other reasons, and

completely acceptable from a tax policy perspective, resulting in no mischief.

For that taxpayer, the ruling now means nothing. The provision of the asset by the company for use by the shareholder will from 1 July 2009 be deemed as a notional dividend to him/her, notwithstanding that the boat was funded from the taxpayer's own funds, no deductions are claimed by the company, and the company will be taxed on any gain arising on a subsequent sale of the boat – even though no company profits were used to acquire the boat, which was funded (together with all operating costs) from the shareholder's own after tax funds.

This private binding ruling is just one example of many taxpayers who have implemented acquisitions or put ownership structures in place based on the existing law without seeking or obtaining any tax advantage.

However, due to the effective retrospective start-date of the proposed Bill amendments, those taxpayers will now be subject to a significant additional tax and compliance impost, following unforeseeable changes in tax rules designed to prevent a perceived mischief that does not exist for them.

8. Unreasonable compliance costs

One of the real difficulties associated with all the examples listed above is the compliance cost to determine the market value of the use of the asset on a year by year basis and uncertainty of the test of market value. Similar to rules contained in other attribution provisions in the Tax Acts, clarity on the way the assets are to be valued is critical.

Example 8.1

Following Example 6.1 above, Natalie uses a company to hold a boat purely for private use. Until now, Natalie had an assurance from the Australian Taxation Office that Division 7A would not apply to deem a dividend to her of the use of that boat. The proposed changes will from 1 July 2009 require Natalie to incur significant costs in obtaining a valuation in respect of the "arms length value" of the use of the boat – effectively in the circumstances requiring Natalie to undertake the cost of having a charter/rental valuation prepared.

A valuer is engaged, who concludes that the arm's length rental amount for use of the yacht would be \$2,000 per day. Natalie already pays all operation expenses of the yacht which totals \$20,000 per year. She now pays \$2,000 per day to her own company to use the yacht. Natalie uses the yacht for 10 days, at a cost of \$20,000. The company uses the funds to meet the operating expenses of the boat (it will otherwise have taxable income for the rental, and Natalie will effectively pay twice for the operation of the yacht). The costs of the valuer will require to be met by Natalie, on an ongoing basis year by year.

For Natalie, the net result is the same, but she must go to the difficulty and expense of determining the extent of the "provision" of the boat, and the "arms length" value of that use, and ensure it is always paid to the company, in order to comply with the new provision where there is otherwise no tax advantage to her nor any tax mischief.

A simple, readily measurable calculation should be provided as a safe harbour to value the assets. This would significantly reduce the compliance costs associated in both the preparation of tax returns as well as reducing administration costs incurred by the Australian Taxation Office. The introduction of a standardised calculation of the use of an asset would more closely approximate the Fringe Benefits Tax system which was at the base of the change in government policy on Division 7A.

A proxy for the value of the use could be determined by providing a "safe harbour" rule. Taxpayers should then be given the opportunity to choose to determine an arm's length amount if they wish, instead of using the safe harbour method. An appropriate safe harbour would be to simply apply a benchmark rate of return to the acquisition cost of the asset in question, as follows:

Division 7A amount:

(Acquisition cost of the asset x benchmark interest rate)	
the asset	x actual use of
Total possible use of the asset	

The benchmark interest rate is the interest rate already used in Division 7A to apply to actual loans from a company to a shareholder (which the Division was originally designed to address).

Example 8.2

Continuing the Example 6.1, assume the acquisition cost of the yacht is \$5m. Also assume the benchmark interest rate to be 7%. If Natalie were to have the provision of use of that boat for a total of 20 days throughout the relevant year, and the yacht is available for 350 days of the year (15 days of servicing and repairs are required, meaning it is not possible for anyone use it), the arms length value of her use should be pro-rated as follows:

$$((\$5m \times 7\%)/350) \times 20 = \$20,000$$

A safe harbour in this form is simple and readily able to be applied by any taxpayer.

9. Commencement Date

Schedule 1 to the Bill has a proposed start date of 1 July 2009. We submit that in addition to specific grandfathering for existing arrangements, the start date for these changes should be delayed to begin from 1 July 2010. Whilst the proposed change was generally announced in the May 2009 Budget:

- The Exposure Draft of the provisions was only released for comment on 4 January 2010;
- As a result of consultation significant amendments were made to the provisions before they were introduced in the current Bill.
- The Bill was first introduced on 17 March 2010.
- The Bill has been immediately referred to this Committee for further review.

As at today, taxpayers still do not know the final form of the complex, onerous and compliance intensive changes which have effective retrospective application.

It is considered unreasonable to expect taxpayers to comply with retrospective legislation from 1 July 2009 when the final form of the provisions and their effect is yet to be determined.

10. Distributable surplus

The amount of a dividend deemed to have been received by a shareholder of a private company is limited to the "distributable surplus" of that company, as determined by s109Y.

The proposed addition in Schedule 1 to the formula in s109Y(2) in the context of a payment arising from the use of an asset (as opposed to a transfer of that asset or other payment or loan) results in an amount that is not reflective of the profit of the company still being deemed a dividend. Section 109Y is intended to operate to ensure no deemed dividend arises if a company has no profits – or to limit a deemed dividend at the level of actual profits.

Example 10.1

John loans \$500,000 to a private company which the company uses to acquire an asset that is used by John. The company has only nominal share capital of \$2.00. The value of the use of the asset is \$10,000 for a year. The company conducts no business, and has no earnings or other income.

The \$10,000 will be included in John's income, unless the company's distributable surplus is less than \$10,000.

As originally enacted, s109Y would effectively prevent the \$10,000 being deemed as a dividend if the company did not have \$10,000 in distributable surplus (or the basis that dividends can only be paid out of profits) as follows:

\$500,000 asset + \$2 share capital less \$500,000 liability owed to John, and less \$2 paid up capital = nil.

As the \$10,000 deemed payment would exceed the ss109Y(2) "distributable surplus", there is a reduction in that deemed dividend under ss109Y(3) to nil.

\$10,000 "provisional dividend" x (nil "distributable surplus") = nil
(\$10,000 "provisional dividend")

This reflects the fact that the dividend is not "paid" out of "profits" of the company.

However, the Bill proposes to add to that distributable surplus calculation the amount of the deemed dividend – even though there is still no actual profit in the company:

"Distributable surplus" = \$2 (\$500,000 value of boat plus \$2 cash at bank less outstanding loan of \$500,000) plus "division 7A amount" \$10,000 minus "paid up share value" \$2; etc = \$10,000

The result is that the notional amount will be included in John's income even though it does not reflect the profits in the company, and the company has a nil distributable surplus but for the deemed surplus equal to the deemed payment amount. This result is clearly inconsistent with the underlying policy intent of Division 7A, which is to 'bring to tax' profits, which have been passed (by transfer or use) to a shareholder or associate other than as a dividend. In Example 10.1 the asset for which use is provided does not represent undistributed profit.

11. Recommendations

- (1) The Bill operate from a commencement date of 1 July 2010 (not 1 July 2009).
- (2) The Bill not operate in respect of the use of private company assets acquired by the private company before the commencement date of the Bill.
- (3) The Bill not operate in respect of company title structures.

- (4) The Bill apply to deem a dividend only the extent of actual use of a company asset by a shareholder/associate, not to the "provision of use".
- (5) The Bill not apply to assets in respect of which the private company has obtained no tax deduction.
- (6) The Bill not apply to the extent an asset was acquired by a company using funds other than retained or current year earnings (with suitable tracing provisions).
- (7) The Bill provide a safe harbour to minimise compliance costs. Such safe harbour should be the current benchmark rate applicable to loans under Division 7A on the actual cost to the private company of the asset as applied to the period of use.
- (8) The Bill not add to the distributable surplus of the private company the amount of the deemed dividend to the shareholder/associate.

Should the Senate Economics Legislation Committee hold a public hearing in respect of the Bill, the Committee would be pleased to be given an opportunity to present the observations and recommendations in this submission orally.

Otherwise, in the first instance please contact the Committee Chair, Dr Gerry Bean, on 03-9274 5000 should you have any questions or require additional information.

Yours sincerely,

(...)

Bill Grant
Secretary-General

20 April 2010