bwp TRUST

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Ref: 150121_Response to Senate Economics References Commitee

21 January 2015

Committee Secretary
Senate Economics References Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Madam

Inquiry into corporate tax avoidance and minimisation

We refer to your letter dated 27 October 2014 inviting BWP Trust ("BWP" or "the Trust") to make a submission in respect to the inquiry into corporate tax avoidance and minimisation.

BWP (formerly known as the Bunnings Warehouse Property Trust) was established under a trust deed pursuant to the *Corporations Act 2001* and listed in September 1998 on the Australian Securities Exchange.

Since its inception the Trust has complied with all the respective Tax Acts and Legislation, including distributing the income of the Trust to its unitholders every six months as required by the Trust's Constitution. We note the Trust's tax filings are reviewed and lodged by KPMG, and the financial statements are subject to a statutory audit, performed by KPMG.

Under current Australian tax legislation, the Trust's income is taxed in the hands of its unitholders, and hence as correctly reported in the "Who pays for our Commonwealth?- Tax practices of the ASX 200" report produced by United Voice and the Tax Justice Network- Australia, the notional tax paid by the Trust is zero. The Trust provides the opportunity for investors from the small retail investor to institutional investors both domestically and overseas, to invest in real estate assets that they may not otherwise be able to invest in directly. It is for this reason and not for any tax minimisation purposes that the Trust was established and continues to operate.

The Trust is a pure unit trust, with no stapled securities attached. Historically all of the net income of the trust has been distributed and taxed in the hands of unitholders. Should the Trust not distribute all of its net income the tax legislation requires the Trust to pay the tax on the undistributed amount at the highest marginal tax rate. The above tax treatment of trusts has been recognised in both legislation and by case law for many decades in Australia.

We appreciate as concluded by the report mentioned above "that there is no way to ascertain tax payments or tax rates at the shareholder level", but with over 24,000 unitholders with varying taxation levels to ascertain these details would be considerable, especially as the Trust has a large retail investor base, and it would be akin to a listed company publishing every dividend payment made to each shareholder. Each year, the Trust through its share registry sends via an electronic file format, the full listing of payments made to each unitholder, including the respective tax file number of the unitholder to the Australian Tax Office ("ATO"). This is provided to the ATO to ensure the correct collection of tax is obtained from the unitholders. In relation to any overseas investors, the Trust remits to the ATO the withholding tax required under the relevant taxation legislation.

The Trust is cognisant of ensuring its operations comply with current tax legislation and takes it obligations of meeting these requirements with a great amount of respect and care.

Should you require any further information, please do not hesitate to contact either myself or David Hawkins, the Trust's Finance Manager.

Yours faithfully

Michael Wedgwood
Managing Director