

# Fairer, simpler, and more effective tax concessions for the not-for-profit sector: Discussion Paper

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**November 2012**

## Overview

Cancer Council SA is South Australia's leading independent, cancer-related non-government organisation, together with Cancer Council's in every other State and Territory, we are a Federated organisation via our National body, Cancer Council Australia.

Cancer Council SA, has provided input into the National submission in relation to this discussion paper provided by Cancer Council Australia. However, as each State has different administrative and organisational arrangements, we also felt it appropriate to provide our own submissions, which serves to compliment and not in any way contradict the views provided in the Cancer Council Australia submission.

Cancer Council SA welcomes the Commonwealth Government's review of the myriad of support which is currently provided to the not for profit sector and we appreciate the opportunity to provide our views on the matter.

While Cancer Council SA understands the aims and objectives of the review and particularly commends the Government on looking at improving the integrity, transparency and targeting of tax concessions as well as reducing tax-related administrative burden on charitable entities we are conscious of the need to guard against and outcomes which unintentionally disadvantage charities.

Cancer Council SA relies heavily on the support of the community in the form of donations and sponsorships. The charity sector operates in an environment characterised by increasing competition for this support and any incentives provided by the Government should be targeted in such a way as to provide maximum benefit for the community and organisations which serve the community.

## **Q 1 What criteria should be used to determine whether an entity is entitled to an income tax exemption?**

Cancer Council SA believes income tax exemptions should be restricted to organisations that meet the current definition of a 'Public Benevolent Institution', as defined by the High Court of Australia in *Perpetual Trustee Co Ltd v. FC of T* (1931) 45 CLR 224 and later adopted by the Australian Taxation Office in ruling TR 2003/5. Particular focus must be to ensure that tax exempt entities have the provision of benevolent relief as the organisations dominant purpose. This restriction will ensure any taxation relief provided by the Australian Government directly benefits the Australian community.

## **Q 2 Are the current categories of income tax exempt entity appropriate? If not, what entities should cease to be exempt or what additional entities should be exempt?**

Any change or contraction of the existing entitlements must protect the income tax status of organisations providing benevolent relief. Cancer Council SA believes that if the Australian Government is seeking to limit the pool of organisations eligible income tax exemptions then they must first review tax exempt bodies whose primary activities and/or purpose include trade goods or services which are in direct competition with tax-paying entities.

## **Q 3 Should additional special conditions apply to income tax exemptions? For example, should the public benefit test be extended to entities other than charities, or should exemption for some types of NFP be subject to different conditions than at present?**

It is the view of Cancer Council SA that there is no need for the expansion of the types of entities which are entitled to income tax exemptions. Cancer Council SA is concerned that the negative impact of any such expansion on Commonwealth revenue would risk placing limitations on the level of support provided

to the charity sector by the Commonwealth Government. Furthermore, Cancer Council's concerns would be compounded by the fact that while funds to benevolent institutions may be reduced to allow for the increase in eligible entities, such a contraction may occur as a direct result of taxation exemptions being extended to entities whose sole purpose is not that of benevolent relief.

**Q 4 Does the tax system create particular impediments for large or complex NFP's?**

It is our view that the taxation system does not at present create significant or material impediments for large or complex Not for Profits (NFP's).

**Q 5 Should other types of NFP's also be able to claim a refund of franking credits?**

No.

The introduction of the franking credit refund scheme in the Australian financial landscape in 2000 was to ensure that income is taxed in the hands of the resident taxpaying recipient at their marginal tax rate rather than at source. The marginal tax rate for endorsed / specific tax exempt charities is 0%. The refund of franking credits to NFP's was established to ensure eligible NFP's are on a level footing with other share holders. The treatment is not a taxation concession, rather a reimbursement of tax collected from the payer of the franked dividend. The refund of franking credits to eligible NFP's removed an inequity in the treatment of share investment income when compared to direct property and interest income, both of which are not taxed at source.

Given the intent of the introduction of franking credit refunds was to ensure equity between NFP's and other shareholders, Cancer Council SA believes that the refunds should only be eligible to those NFP's who are income tax exempt and therefore assessed at a rate of 0%.

**Q 6 Should the ability of tax exempt charities and DGR's to receive refunds for franking credits be limited?**

No.

The ability to receive franking credit income is a function of the marginal tax rate of the endorsed charity. There should therefore be no limit to the level of franking credit refunds that an entity should be entitled to.

Any limitation in the ability of tax exempt charities and DGR's to receive refunds for franking credits would result in an inequity returning between NFP's and other shareholders and should not occur.

**Q 7 Should the ATO endorsement framework be extended to include NFP entities other than charities seeking tax exemption?**

The self assessment regime for entities seeking to be income tax exempt but not seeking a further exemption which requires ATO endorsement is open to both confusion and misrepresentation. Cancer Council SA believes that any entity seeking tax exemptions from the Australian Government should seek endorsement from the Australian Tax Office (ATO).

**Q 8 Should the income tax exemptions for State, Territory and local government bodies be simplified and consolidated into the ITAA 1997? Which entities should be included?**

Income tax exemptions for State, Territory and local government bodies has no direct impact on the operation of facilities and services offered by Cancer Council SA, we therefore provide no comment at this time.

**Q 9 Should the threshold for income tax exemptions for taxable NFP clubs, associations and societies be increased? What would a suitable level be for an updated threshold?**

All NFP's must generate a profit in order to invest in facilities and infrastructure to deliver their services on an ongoing basis. Some increase in the threshold is warranted. We have insufficient information to recommend a revised level.

**Q 10 Please outline any other suggestions you have to improve the fairness, simplicity and effectiveness of the income tax exemption regime, having regard to the terms of reference.**

No further comment.

**Q 11 Should all charities be DGR's? Should some entities that are charities (for example, those for the advancement of religion, charitable child care services, and primary and secondary education) be excluded?**

On the information presented, extending the Deductible Gift Recipient (DGR) status to all charities would have a significant detrimental effect on Commonwealth revenue. For this reason, Cancer Council SA does not recommend expanding the DGR endorsement to all charities. Cancer Council SA accepts that there may be valid arguments presented for the extension of the definition of a DGR, however, this would have the impact of reducing the level of taxation concessions available to entities which provide the greatest service to the widest proportion of the community and any argument advanced for the inclusion of all charities as DGR's must be viewed against the cost/benefit analysis of such a determination. Accordingly Cancer Council SA would also not recommend expanding the DGR endorsement to organisations that predominantly provide private benefits or are for the advancement of religion.

**Q 12 Based on your response to Q11, should charities endorsed as DGR's be allowed to use DGR's funds to provide religious services, charitable child care services, and primary and secondary education?**

Cancer Council SA does not wish to provide comment in relation to this question.

**Q 13 Would DGR endorsement at the entity level with restrictions based on activity address the behavioural distortions in Australia's DGR framework? Could unintended consequences follow from this approach?**

The paper highlights the fact that opening up DGR status for all registered charities would increase the number of DGR eligible charities from 28,000 to 56,000, a doubling of the current eligibility. While the intent of the reform is to encourage an increase in the level of giving from the Australian public to the charity sector, this reform may have the result of simply spreading the existing charity dollar amongst a greater number of charities, with less rigour applied to which charities are actually entitled to receive that donation.

DGR status provides the community with a certain level of comfort about the charity to which they are giving; expanding this to include all charities may dilute this confidence.

DGR endorsement at entity level with restrictions based on activity may simplify administration at the ATO level but is unlikely to save administration costs and may cause additional administration in the charity. Long term ATO compliance costs would likely exceed the saving from the simplified administration.

This approach is not recommended.

**Q 14 If DGR status is extended to all endorsed charities, should this reform be implemented in stages (for example, over a period of years) in line with the PC's recommendations, or should it be implemented in some other way?**

The implementation is not recommended.

**Q 15 Would a fixed tax offset deliver fairer outcomes? Would a fixed tax offset be more complex than the current system? Would a fixed tax offset be as effective as the current system in terms of recognising giving?**

Cancer Council SA does not believe the primary reason for a gift to a DGR is the taxation benefit derived by the donor. The significant volume of gifts given to charities without DGR status confirms this as does the high proportion of donations organisations like ours receive from low and middle income earners. The reality is that for the majority of our donors, the donation is motivated by a personal experience or connection with the work being undertaken by the charity, the tax deductibility of the donation serves to increase the size of the donation people are willing or able to make. The Australian tax systems DGR mechanism allows the taxpayer to direct their personal income to the endorsed charity of their choice free of income tax considerations. A fixed tax offset would not be fairer and would be more complex in its operations. Cancer Council SA does not believe a fixed tax offset will deliver an increase in the level of donations to DGR endorsed organisations.

**Q 16 Would having a two tiered tax offset encourage giving by higher income earners?**

A departure from the current system would not encourage giving higher levels of gifts by higher income earners and as noted by the Productivity Commission(PC) there may be a small decline in giving which will have a negative impact on DGR endorsed organisations.

Furthermore, as highlighted above, a large proportion of donors to organisations such as Cancer Council SA come from low and middle income earners, to deny them the ability to offset their donation against their taxable income would not only be inequitable, but would also have the result of reducing their capacity to give.

**Q 17 What other strategies would encourage giving to DGR's, especially by high income earners?**

Cancer Council SA does not wish to provide comment in relation to this question

**Q 18 Should testamentary giving be encouraged through tax concessions and what mechanisms could be considered to address simplicity, integrity and effectiveness issues?**

Cancer Council SA absolutely believes that testamentary giving should be encouraged through tax concessions.

Currently, if an individual were to donate to a charity during their lifetime they would be entitled to a tax deduction to the value of the donation. In order to encourage testamentary giving, Cancer Council SA believes that the entitlement to such a tax deduction should arise upon the donation of property or funds to an eligible DGR from a will or deceased estate. However, it is our belief that the eligibility for the tax deduction should be able to be treated in the same manner as any other asset and bequeathed to an individual. This would ensure that individuals who donate to charities in testate are not disadvantaged from a taxation perspective with their beneficiaries able to claim the deduction.

**Q 19 Would a clearing house linked to the ACN Register be beneficial for the sector and public?**

Cancer Council SA does not support the establishment of a clearing house linked to the ANC Register. To be affective, it is important that Cancer Council SA is seen to be separate from Government. Our experience is that some Cancer Council SA clients have wrongly formed the view that services provided by Cancer Council SA are government funded or government provided. The establishment of a government clearing house may only serve to reinforce this perception.

Furthermore, the paper discusses the benefits that a clearing house would have for small or emerging charities, however Cancer Council SA does not believe that the investment of the once off capital cost of \$25 million is best direct towards the implementation of a mechanism aimed primarily at the advancement of small and emerging charities. In recent years a number of small and emerging charities

have been established for improper purposes or have collapsed before being able to undertake the work contained in their stated aim. The expenditure of Federal Government funds on a clearing house to direct donor funds towards charities which are small and unproven may serve to decrease public confidence in the charity sector, especially if funds obtained through a government clearing house were then directed to a charity which became unsustainable.

**Q 20 Are there any barriers which could prohibit the wider adoption of workplace giving programs in Australia? Is there anything the Working Group could recommend to help increase workplace giving in Australia?**

Workplace giving is more likely where the employer matches or subsidises the employees' donation. Economic considerations will affect an employer's ability to support such a program. Donations to DGR's are already deductible to the employer. Therefore there are few other mechanisms that will encourage employer sponsored workplace giving which will not have an impact on Commonwealth revenue.

That said, Cancer Council SA would like to see the Commonwealth Government encouraging its employees to participate in workplace giving programs and to enable organisations such as ours to present information to Commonwealth employees to encourage participation in workplace giving.

**Q 21 Do valuation requirements and costs restrict the donation of property? What could be done to improve the requirements?**

Cancer Council SA does not wish to provide comment in relation to this question.

**Q 22 Is there a need to review and simplify the integrity rules?**

Cancer Council SA does not wish to provide comment in relation to this question.

**Q 23 Are there additional barriers relevant to increasing charitable giving by corporations and corporate foundations? Is there anything the Working Group could recommend to help increase charitable giving by corporations and corporate foundations?**

Currently, organisations can provide their employees to volunteer at organisations like Cancer Council SA and are entitled to a deduction for the value of the wages paid to that employee.

This program does not enable organisations like ours to utilise the skills and excess capacity of professional organisations as well as we could and does not provide enough encouragement for organisations to implement such programs. Cancer Council SA believes employers should be entitled to a deduction for a percentage (for example 70%) of the commercial value of the work undertaken by their employees, this would enable DGR's to tap into the excess capacity which currently exists, particularly in professional service organisations.

For example, if a law firm which has an employee volunteer program in place, pays a lawyer the hourly equivalent of \$40 per hour, but that lawyers charge out rate is \$300 per hour, the lawyer may be given one day off per year to come to Cancer Council SA and volunteer their time. Because of the limited time they will spend in our organisation, they may spend the day undertaking such tasks as preparing merchandise for sale on Daffodil Day. In this situation, the employer is currently entitled to a deduction of \$320 (\$40 per hour multiplied by eight hours).

However, were the law firm entitled to a deduction for 70% of the commercial rate of \$300 per hour that the employee can earn undertaking legal work for another of the firm's clients, then the opportunity cost of providing pro bono work for a DRG is far smaller and would result in far greater encouragement for employers to undertake such work or provide their employees to complete such work where excess capacity exists.

**Q 24 Are the public fund requirements, currently administered by the ATO, either inadequate or unnecessarily onerous?**

Cancer Council SA does not wish to provide comment in relation to this question.

**Q 25 Are there any possible unintended consequences from eliminating the public fund requirements for entities that have been registered by the ACNC?**

Cancer Council SA does not wish to provide comment in relation to this question.

**Q 26 Should the threshold for deductible gifts be increased from \$2 to \$25 (or to some other amount)?**

A modest increase in the DGR threshold to \$10.00 may be warranted. Cancer Council SA would not support an increase in excess of this.

Cancer Council SA believes that the ability to aggregate donations in a given tax year should be provided if a threshold greater than \$10.00 is chosen – this would also eliminate the need for a special exemption to apply for workplace giving. However, in the event that aggregation is not supported then a workplace giving exception must apply.

As outlined previously, organisations such as ours rely upon a high volume of smaller donations from low to middle income earners, to increase the threshold for tax deductibility beyond \$10.00 would be inequitable and disadvantage smaller donors.

Cancer Council SA does not believe the decrease in the administrative burden would warrant a greater increase in the threshold.

**Q 27 Outline any other suggestions you have to improve the fairness, simplicity and effectiveness of the DGR regime, having regard to the terms of reference**

Cancer Council SA does not wish to provide comment in relation to this question.

**Q 28 Assuming that the current two tiered concessions structure remains (see Part B), what criteria should determine an entity's eligibility to provide exempt benefits to its employees?**

Fringe Benefits Tax concessions play an integral part of the remuneration strategy of Cancer Council SA. Employees are paid at or below the 25<sup>th</sup> percentile for the job function or the award rate as established by Fair Work Australia. The FBT concessions allow Cancer Council SA to attract and retain suitably qualified staff who would in most cases be in a position to earn at the 50<sup>th</sup> percentile or above outside of the not for profit sector.

Cancer Council SA's response is therefore framed around the economic imperative that any amendment to the concessions will have a direct impact on our the ability to attract and retaining people of the highest calibre

We do not support any change to the current eligibility criteria for entities to provide exempt benefits.

**Q 29 Also assuming that the current two tiered concession structure remains (see Part B) , what criteria should determine an entity's eligibility to provide rebateable benefits to its employees? Should this be restricted to charities? Should it be extended to all NFP entities? Are there any entities currently entitled to the concessions that should not be eligible?**

The eligibility for rebateable benefits should be restricted to charities as recognised under the income tax legislation.

Cancer Council SA does not wish to comment on the entitlement of other entities currently covered by the concession rules.

In addition we note that since the introduction of the \$30k grossed-up limit in 2001, the threshold has not been increased or indexed resulting in the erosion of its real value to employees over the 11 years since the introduction of the limits. Cancer Council SA would highly recommend indexation of the cap to avoid further watering down of the value.

**Q 30 Should there be a two tiered approach in relation to eligibility? For example, should all tax exempt entities be eligible for the rebate, but a more limited group be eligible for the exemption?**

In the event that the Government does not limit the entitlement to rebateable benefits solely to charities (as recommended in our response to question 29), it is our view that the Government should retain the current two tier system with only charities qualifying for the \$30,000 rebate.

**Q 31 Should salary sacrificed meal entertainment and entertainment facility leasing benefits be brought within the existing caps on FBT concessions?**

For the reasons outlined in our response to question 28, Cancer Council SA believes that the salary sacrifice meal and entertainment facility and leasing benefits should sit outside of the existing caps on FBT Concessions as is currently the case.

**Q 32 Should the caps for FBT concessions be increased if meal entertainment and entertainment facility leasing benefits are brought within the caps? Should there be a separate cap for meal entertainment and entertainment facility leasing benefits? If so, what would be an appropriate amount for such a cap?**

If, contrary to our recommendation, the employee concessions for meal, entertainment and leasing are brought into the FBT Concessions, the cap on the limit should be increased to reasonably compensate for this change.

If a cap is implemented, there should be a single combined cap for both types of benefit.

The single cap should be \$20,000 alternatively, if multiple caps are implemented, the caps should be \$10,000 for each category. These caps must be indexed annually for the reasons outlined in our response to question 29.

**Q 33 Are there any types of meal entertainment or entertainment facility leasing benefits that should remain exempt/rebateable if these items are otherwise subject to the relevant caps?**

For the reasons outlined in questions 28, Cancer Council SA believes strongly that all current entitlements should remain exempt/rebateable or that significant caps should apply.

However, in the event that the government determines further restrictions are required, Cancer Council would recommend an exemption for situations where an employee is funding meals or entertainment for a work related purpose. As a result of the limitations placed upon charities and the need for social engagement with key supporters we often see situations where staff will fund their own expenses for meals and entertainment while interacting with supporters. In situations where this occurs, employees should remain entitled to an exemption/rebate.

**Q 34 Should there be a requirement on eligible employers to deny FBT concessions to employees that have claimed a concession from another employer? Would this impose an unacceptable compliance burden on those employers? Are there other ways of restricting access to multiple caps?**

The benefits supplied under the FBT concessions are generous and we believe that those benefits should only be available once per individual. The practice, particularly in the health sector where an individual can claim the benefit from multiple employers is contrary to the spirit of the support and delivers an unfair benefit.

The administrative burden for an employee nominate the organisation to provide their FBT Concessions

would be no different to the process for identifying which employer will make allowance for the income tax, tax free threshold.

Cancer Council SA does not wish to provide comment on other ways to limit access to multiple caps.

**Q 35 Should the rate for FBT rebates be re-aligned with the FBT tax rate? Is there any reason for not aligning the rates?**

The FBT rebate should be aligned to the FBT Rate and the top marginal tax rate. Cancer Council SA does not see any reason for not aligning the rates.

**Q 36 Should the limitation on tax exempt bodies in the minor benefits exemption be removed? Is there any reason why the limitation should not be removed?**

Cancer Council SA does not wish to provide comment in relation to this question.

**Q 37 Is the provision of FBT concessions to current eligible entities appropriate? Should the concessions be available to more NFP entities?**

The provision of FBT Concessions to the majority of entities is appropriate. For the reasons outlined in our responses to questions 1 and 2, Cancer Council SA does not support expanding the availability of concessions to a broader group.

Furthermore, Cancer Council SA does not support the provision of concessions where the entity is providing services to the community that are also provided by a commercial organisation that is not entitled to the exemption or rebate.

**Q 38 Should FBT concessions (that is, the exemption and rebate) be phased out?**

Cancer Council SA does not support the phasing out of the FBT concession arrangements.

As explained in our response to question 28, the exemption and rebate provide charities like Cancer Council, who, by virtue of our limited resources, would otherwise be unable to compete in an open market with the salaries and benefits offered by corporate employers, with the ability to attract and retain highly qualified and skilled staff.

The phasing out of FBT concessions would see this ability erode over time in line with the phasing out of the concessions, resulting in the level and standard of services provided to the community also falling.

The FBT concessions and the flow on impact they have for staff attraction and retention have a direct impact on our ability to provide high quality services to the community and must be retained.

**Q 39 Should FBT concessions be replaced with direct support for entities that benefit from the application of these concessions?**

Cancer Council SA does not support the replacement of the existing arrangements with direct support.

Direct support arrangements have been and will continue to be subject to changes in political policy and short term economic expediency. The uncertainty of this model will restrict the development of services and service improvements, particularly those with a high capital cost and long pay-back period.

Currently entities like Cancer Council SA have a role to play in determining what if any level of FBT benefit an employee will be able to receive, this results in the employee making a direct correlation between the FBT concession and their remuneration, thus assisting to alleviate some of the problems associated with our restricted ability to compete in the open employment market. Replacement of the FBT concessions with direct support would remove this connection with the employer and thus with remuneration levels.



If direct support is entertained however, it must also take into account the full cost of the change, not only direct employment cost, but also the additional costs of leave, superannuation, workers compensation and other insurance costs formulated on the level of remuneration.

**Q 40 Should FBT concessions be replaced with tax based support for entities that are eligible for example, by refundable tax offsets to employers, a direct tax offset to the employees or a tax free allowance for employees?**

Cancer Council SA does not support the replacement of the existing arrangements with tax based support for the reasons outlined in our response to question 39.

**Q 41 Should FBT concessions be limited to non-remuneration benefits?**

No, limiting FBT Concessions to non-remuneration benefits is not supported for the reasons outlined in our response to question 39 and because it fails to alleviate the issues which would be associated with attraction and retention of staff as outlined and discussed in our answers to questions 28 and 33.

**Q 42 If FBT concessions are to be phased out or if concessions were to be limited to non-remuneration benefits, which entity types should be eligible to receive support to replace these concessions?**

Cancer Council SA fails to see how the Commonwealth Government could or would be able to establish a system of reimbursement which would adequately or justly compensate for the true economic cost of such a change for all entities affected (and all entities affected must be considered when formulating a support or compensation program).

Any consideration of compensation must not only include direct employment costs, but also the additional cost of leave, superannuation, workers compensation and other insurances based upon the level of remuneration.

In addition, Cancer Council SA does not see how it is possible to compensate every future employee to a level which would result in organisations like ours maintaining the ability to recruit and retain employees at the skill level of those we currently employ, or alternatively to compensate organisations like ours for the skills drain we would experience into the future if the FBT concessions were removed.

**Q 43 Does the existing fundraising concession create uncertainty, or additional compliance burdens, for NFP entities that wish to engage in fundraising activities that fall outside of the scope of the concession?**

Cancer Council SA is comfortable with the compliance arrangements and costs associated with administering the current system. It has not been our experience that the current compliance arrangements result in an unnecessary or overly onerous compliance burden.

**Q 44 Would a principles-based definition of the types of fundraising activities that are input taxed reduce the compliance burden for entities that engage in fundraising?**

Cancer Council SA does not support a principles based definition of fundraising entities.

**Q 45 Should current GST concessions continue to apply for eligible NFP entities?**

Yes - Cancer Council SA is comfortable with the compliance arrangements in their current form and has not experienced exorbitant costs or an overly onerous administrative burden associated with administering the obligations imposed upon us by the current GST system.

**Q 46 Are there any other issues or concerns with the operation of the GST concessions in their current form?**

Cancer Council SA does not wish to provide comment in relation to this question.

**Q 47 Would an opt-in arrangement result in a reduced compliance burden for charities that would otherwise need to apply apportionment rules to supplies made for nominal consideration?**

The question is not applicable to Cancer Council SA.

**Q 48 If an opt in arrangement is favoured, would the preference be to treat the supplies as taxable or input taxed? Why?**

Cancer Council SA does not wish to provide comment in relation to this question.

**Q 49 Is there an alternative way of reducing the compliance burden associated with apportionment for supplies made for nominal consideration?**

Cancer Council SA does not wish to provide comment in relation to this question.

**Q 50 Should the gaming, catering, entertainment and hospitality activities of NFP clubs and societies be subject to a concessional rate of tax, for income greater than a relatively high threshold, instead of being exempt?**

While Cancer Council SA understands the importance of this issue and believes the Commonwealth Government should seek to implement appropriate concessions, we do not wish to provide comment specifically on the activities of these organisations.

Given the complexity of this area, it may be more appropriate for this matter to be considered in isolation of the broader taxation matters being considered in this paper.

**Q 51 What would be a suitable threshold and rate of tax if such activities were to be subject to tax?**

Cancer Council SA does not wish to provide comment in relation to this question.

**Q 52 Should the mutuality principle be extended to all NFP member-based organisations?**

Cancer Council SA does not wish to provide comment in relation to this question.

**Q 53 Should the mutuality principle be legislated to provide that all income from dealings between entities and their members is assessable?**

Cancer Council SA does not wish to provide comment in relation to this question.

**Q 54 Should a balancing adjustment be allowed for mutual clubs and societies to allow for mutual gains or mutual losses?**

Cancer Council SA does not wish to provide comment in relation to this question.

**Q 55 Is existing law adequate to address concerns about exploitation of the mutuality principle for tax evasion? Should a specific anti-avoidance rule be introduced to allow more effective action to be taken to address such concerns?**

Cancer Council SA does not wish to provide comment in relation to this question.