Australian Institute of Superannuation Trustees

24 June 2011

General Manager
Business Tax Division
The Treasury
Langton Crescent
PARKES ACT 2600

Email: cgt_tradingstock@treasury.gov.au

RE: Proposals paper: Capital Gains Tax – limiting the trading stock exception for superannuation funds

Dear Sir/Madam,

The Australian Institute of Superannuation Trustees (AIST) is an independent, not-for-profit professional body whose mission is to protect the interests of Australia's $450 billion not-for-profit superannuation sector. AIST's members are the trustee directors and staff of industry, corporate and public-sector superannuation funds, who manage the superannuation accounts of two-thirds of the Australian workforce.

The aim of the amendments is to ensure that any gains or losses on certain assets of a superannuation fund will be taxed under the capital gains tax (CGT) provisions and to remove any doubt about the extent of the CGT primary code that may arise for the superannuation industry if some superannuation funds treat certain assets as trading stock. This measure was outlined in the 2011-12 Budget.

AIST supports the removal of the trading stock exception from sub-section 295-85(4) of the ITAA 1997. This amendment will allow the treatment of these assets to be aligned to other rules (i.e. those regarding managed investment trusts and the election of capital treatment), whilst still allowing complying superannuation funds to access the exception should such assets be demonstrated to be trading stock.

AIST also supports the transitional rules that apply, which effectively mean that the amendments are not retrospective, as the measure came into force upon release of the 2011-12 Budget.

If you have any further questions regarding this submission, please contact Tom Garcia, Policy and Regulatory Manager on (03) 8677 3804 or tgarcia@aist.asn.au.

Kind Regards

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