

EXPOSURE DRAFT

1 Inserts for

2 **Tax Laws Amendment (2012 Measures**
3 **No. 2) Bill 2012: limiting the trading**
4 **stock exception for superannuation funds**

5

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Commencement information

Column 1	Column 2	Column 3
Provision(s)	Commencement	Date/Details

1.

2. Schedule ?? The day this Act receives the Royal Assent.

3.

7 **Schedule ??—Limiting the trading stock**
8 **exception for superannuation funds**

10 *Income Tax Assessment Act 1997*

11 **1 Section 70-10**

12 Before “*Trading*”, insert “(1)”.

13 **2 Paragraph 70-10(b)**

14 Omit “*live stock;”, substitute “*live stock.”.

15 **3 Section 70-10**

16 Omit “but does not include a *Division 230 financial arrangement.”.

17 **4 At the end of section 70-10 (before the notes)**

18 Add:

19 (2) *Trading stock* does not include:

20 (a) a *Division 230 financial arrangement; or

21 (b) a *CGT asset covered by section 275-105 that:

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- 1 (i) is owned by a *complying superannuation fund, a
2 *complying approved deposit fund or a *pooled
3 superannuation trust; or
4 (ii) is a *complying superannuation/FHSA asset of a *life
5 insurance company.

6 **5 At the end of subsection 295-85(4)**

7 Add:

8 Note: For item 5, certain assets (particularly shares, units in a unit trust, and
9 land) are not trading stock when owned by the entity (see paragraph
10 70-10(2)(b)).

11 **6 Application of amendments**

- 12 (1) The amendments made by this Schedule apply in relation to CGT assets
13 owned after 7.30 pm, by legal time in the Australian Capital Territory,
14 on 10 May 2011 (the *budget time*).
- 15 (2) However, the amendments made by this Schedule do not apply in
16 relation to a CGT asset owned by an entity after the budget time if, just
17 before the budget time, the entity owned and held the CGT asset as
18 trading stock.

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