

Consultation

Tax treatment of water infrastructure improvement payments

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Are you submitting on behalf of your Company

No

Do you want your submission to be confidential

No

Accessibility Statement

Yes

Submission files**Support files****Submission text**

It is submitted that the proposed amendments and associated notes in respect of context, summary of the law and detailed explanation of the new law all overlook consideration of the most common scenario whereby the water entitlements transfer which occurs as a part of a SRWUIP is in respect of water entitlements which qualify as pre September , 1985 assets. Denying a deduction for the expenditure of monies arising from the disposal of those entitlements accordingly would result in the participant taxpayer having higher taxable income.

Such an outcome having a retrospective effect on taxpayers who have already entered and in some cases completed their programs is unwarranted. These taxpayers entered the programs on a particular set of taxation assumptions and whilst on notice some change may occur had to complete 2011 income tax returns whilst 18 months passed from an announcement which gave no indication of potentially denying the tax deductability of expenditure.

It is accordingly submitted that monies received for the water transfer should be treated according to the assets status, all additional SRWUIP income could be non assessable proving it is matched with expenditure within say 2 years of receipt, all expenditure would be deductible as incurred.