

Australia's property industry

Creating for Generations

12 July 2018

Brendan McKenna
Corporate and International Tax Division
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Brendan

Stapled Structures - Integrity Measures Proposal Papers

Thank you for the opportunity to provide feedback on the Stapled Structures Integrity Measures Proposal Papers, which forms part of the broader consultation on stapled structures as outlined in the Treasurer's press release and Stapled Structures exposure draft legislation released 27 March 2018. We appreciate the consultative approach undertaken by Treasury throughout the stapled structures consultation process.

Our submission focuses on the provisions in relation to staples eligible for the seven-year transition, as these are the provisions most likely to apply to our members.

We agree with Treasury's position that the non-arm's length income rule (NALIR) should provide an appropriate safeguard against aggressive cross-staple pricing in this context and that new integrity rules are not required for such staples.

As Treasury has noted, the NALIR is new. However, the rule was developed with extensive consultation between Treasury, ATO and industry. In addition, the ATO has issued a comprehensive law companion ruling (LCR 2015/15) in relation to the operation of the NALIR. In this context, we are keen to work with Treasury to ensure that the proposed "minor technical amendments" do not change the underlying policy positions of the NALIR.

The Property Council would strongly welcome further involvement in consultation on the minor technical changes and codification of the integrity provision to ensure the policy is represented in the law.

If you have any queries with respect to the above, please do not hesitate to contact Eli Braggins [REDACTED] or me [REDACTED].

Regards



Belinda Ngo
Executive Director, Capital Markets