

The Association of Superannuation Funds of Australia Limited
ABN 29 002 786 290
ASFA Secretariat
PO Box 1485, Sydney NSW 2001
p: 02 9264 9300 (1800 812 798 outside Sydney)
f: 1300 926 484
w: www.superannuation.asn.au



13 December 2011

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

Email: cqtrestructure@treasury.gov.au

RE: Extending the roll-over for exchange of units in a unit trust for shares in a company

Dear General Manager,

The Association of Superannuation Funds of Australia (ASFA) would like to lodge this submission with respect to the November 2011 discussion paper on the proposal to extend the current CGT roll-over relief granted where units in a unit trust are exchanged for shares in a company.

The Association of Superannuation Funds of Australia (ASFA) is a non-profit, non-political national organisation whose mission is to advance effective retirement outcomes for members of superannuation funds through research and advocacy. We focus on the issues that affect the entire superannuation industry. Our membership, which includes corporate, public sector, industry and retail superannuation funds as well service providers some of whom deal with self managed superannuation funds (SMSFs), has over 90% of the approximately 12 million Australians with superannuation as members. ASFA members manage or advise on the bulk of the \$1.3 trillion in superannuation assets as at September 2011. ASFA is the only organisation that represents all types of superannuation funds and associated service providers.

ASFA notes that the policy objective is to provide equity between unit holders.

As noted in the discussion paper, the current CGT roll-over relief where units in a unit trust are exchanged for shares in a company only applies where the units are held on capital account. The proposed change will extend the roll-over relief to taxpayers who hold the units as revenue assets or as trading stock.


ASFA supports the proposed method of operation of the change for both units held as revenue assets and units held as trading stock.

ASFA notes the continuing modification of the operation of the CGT rollover relief rules in the corporate sphere to improve the equity of outcome for taxpayers and to promote the efficient reorganisations of business. We would like to take the opportunity to contrast this with the failure of successive governments to provide similar permanent relief to the members of superannuation funds that are involved in a successor fund transfer. In a successor fund transfer fund members, as a result of a trustee decision, have their economic interest in the current fund with an identical economic interest in the successor fund. It is inequitable that, they are placed in a position of potentially suffering an economic detriment due to the absence of CGT rollover relief. ASFA strongly argues that, as a minimum, there should be permanent CGT-loss rollover relief for merging superannuation funds in respect of assets held on both capital and revenue account.

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Should you have any questions please contact our Gordon Noble, Director Advocacy and policy Strategy, on 03 9225 4018.

Yours sincerely

A handwritten signature in black ink that reads "Pauline B Vamos". The signature is written in a cursive style with a large initial 'P' and 'V'.

Pauline Vamos
Chief executive Officer