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20 April 2011

The Board of Taxation
c/- the Treasury
Langton Crescent
PARKES ACT 2600

Email: taxboard@treasury.gov.au

Dear Board Members

Review into the Consolidation Rights to Future Income and Residual Cost Setting Rules

ANZ welcomes the opportunity to provide a submission on the taxation treatment of rights to future income ("RFI") assets. This submission is provided in response to the invitation issued by the Board of Taxation on 30 March 2011 inviting submissions from the public for the purposes of the Board's review of the above provisions.

ANZ is a major bank in Australia providing a broad range of banking and financial products and services to retail, small business, corporate and institutional clients. It is a top ten listed company on the Australian Stock Exchange and is the largest bank and company in New Zealand and the largest Australian bank in Asia. With the contribution of the funds management and insurance business of OnePath (formerly INGA), which became 100% owned from December 2009, the Life business of ANZ has become number three ranked life insurance company in Australia.

ANZ supports the Financial Services Council (FSC) submission in relation to the RFI asset provisions, including the comments made in relation to the type of RFI asset that should be covered by the rules. In particular, ANZ submits that these provisions should apply to both investment and risk insurance contracts in force at the date of acquisition of a life insurance company.

ANZ strongly submits that any changes to the RFI asset provisions should be made with prospective effect. It would be extremely difficult to determine a basis for any retrospective application which was equitable for all taxpayers. ANZ also supports the view any retrospective repeal of these provisions would be manifestly unfair to any taxpayers that may have relied on the legislation in its existing form in



assessing the financial impacts of the acquisition of a life insurance and funds management business.

If the revenue impact of these measures is deemed to be excessive, the Government should consider separate measures. These could include the capping of annual deductions or extension of amortisation periods to match accounting.

If any changes are to have a retrospective impact, taxpayers should not be disadvantaged if the due date of lodgement of their return falls beyond any government announcement (i.e. 30 March 2010 or a later date). All taxpayers should be given the same access to the existing law regardless of when they actually lodge their return, amendment requests or objections. A more equitable date for application of any amendments would be the relevant joining date (ie. joining events prior to the relevant date should have access to the existing law).

Should you wish to speak in greater technical detail, please contact Darren Norman on (03) 8654 6770.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Stephen Green', with a long, sweeping flourish extending to the right.

Stephen Green
Group General Manager Taxation