
sent: Friday, 12 November 2010 11:50 AM
To: Tax Board
Subject: islamic finance product review

to

The Taxboard

re: Review of the Taxation Treatment of Islamic Finance Products

I wish to make the following submission:

One of the few finance products for purchasing residential housing, in Australia currently, that are considered Islamically legitimate (that is, according to Shariah), is a rent to own product, whereby a person rents a house and also pays off the capital value of the house. Under this arrangement the finance provider retains ownership of the house (called 'Ijara bi Tamleek').

The buyer is disadvantaged in comparison to the rest of the Australian community, in that, this arrangement does not afford an investor the ability to make use of Negative Gearing, because there is no interest paid as such and no ownership.

I ask the Review to consider this issue and similar ones, where the removal of interest from the financial landscape, disadvantages investors using Islamic Finance products. I hope that everyone using Islamic finance products can enjoy the same benefits in investing that all Australians currently enjoy under the tax regimes.

regards

Paul Condon