

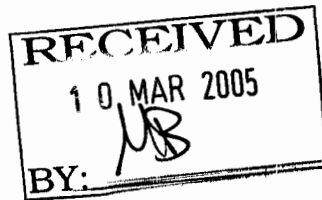
PIA

4 March 2005



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Mr Bruce Paine
Secretary
Board of Taxation
Treasury Building
Langton Crescent
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Dear Mr Paine

Thank you for your letter of 3 December 2004 advising of the post-implementation review of the capital gains tax concessions for small business. The Housing Industry Association (HIA) appreciates the opportunity to comment on this review.

HIA represents the residential building industry which is predominantly an industry of independent small business people. There are about 350,000 independent contractors, for example, working in the industry. The tax treatment of their businesses, including any liability for capital gains taxation, is a significant issue for those operators on the verge of retirement or considering the sale of business assets.

Small business operators were delighted with the Government's original decision to ease the burden of capital gains taxation; the concessions have been important for people retiring from the industry or wishing to expand their business. I note that the review being undertaken by the Board will be confined to assessing the effectiveness of the legislation and possible improvements to its implementation rather than the broader question of the merits of the policy. Nevertheless, HIA would express its strong support for the capital gains tax concessions.

HIA is not aware of significant concerns about the implementation of the tax concessions. I note that the Board will commission a study of the compliance costs of the tax concessions. HIA welcomes this initiative and trusts that, should the study reveal significant complications with the current rules, industry will be offered an opportunity to consider the findings of the study.

HIA commends the Board for its openness in seeking industry comment. Thank you again for the opportunity to contribute to the review.

Yours sincerely
HOUSING INDUSTRY ASSOCIATION

Ruth Morschel
Chief Executive Policy and Services

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