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Dear Sirs

**Non-Fixed Trust ("Entity") Taxation Measures
Another Approach**

I enclose my own submissions in response to your invitation to make comments about the exposure draft of the New Business Tax System (Entity Taxation) Bill 2000.

This is the Bill that seeks to tax so called "non-fixed trusts" in some ways like companies, and in other ways more harshly than companies. It would create a further regime which makes the taxation of "entities" even less consistent, and it would do so erratically and expensively in compliance terms.

You will see that I believe that the Government's objectives can be met with remarkably few changes to the existing trust regime (which has its own "imputation" system). Further there will be another opportunity to streamline the trust regime in a calm and considered way when the existing provisions are rewritten and moved from the 1936 Act to the 1997 Act.

If good sense cannot prevail at this level then I highlight some of the other key problems which I foresee. This is not to say that my consideration of the issues is in any way exhaustive. For more detailed submissions, reference can be made to the Tax Institute submissions with which I concur, though they too will not have covered all the problems.

By way of background I note that I am a tax partner with Freehills and have practised as a tax partner of major legal firms since 1989. I am a member of the Law Council of

Australia and Law Institute of Victoria taxation committees, and a member of the Taxation Institute.

I stress that these views are my own and cannot be said to be those of my firm or of any of those organisations (though I have forwarded my submissions to those organisations for such further action as they see fit).

Yours sincerely

John Morgan

Enc

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