

## CEO Update – March 2018

Dear Stakeholders,

The Board of Taxation (the Board) held its first meeting for 2018 on Thursday 15 February at the ATO in Melbourne, Docklands. We thank the ATO for their hospitality and their ongoing partnership with the Board.

The Board welcomed our newest member, Mrs Rosheen Garnon and congratulated others on their re-appointments - the Chair (two years) and both Dr Mark Pizzacalla and Mr Craig Yaxley (three years).

At the Board's meeting, we discussed the progress and direction of our current projects and what is shaping up to be a very busy 2018 with the newly established agenda of work. The Board also welcomed the Chair and CEO of the Australian Accounting Standards Board (AASB), Ms Kris Peach, for an update on accounting developments and received an update on the additional accounting guidance to support the Tax Transparency Code (the Code).

The Board met with various stakeholders and its advisory panel over lunch to provide an update on our projects and to hear about taxation issues affecting the business community and tax profession. Some further details are set out below.

### Agenda of work

The Board discussed the scope and content of a number of projects and assignments, including:

- Post implementation review of contingent consideration rules (earn out arrangements);
- A review of small business tax concessions;
- A comparison of the taxing rights for real property under Australia's double tax agreements and domestic laws;
- A review of tax measures to promote ASX listings of innovation companies;
- Reviewing fringe benefits tax (FBT) compliance costs, including international comparisons;
- Taxation and the digital economy; and
- Reviewing aspects of the taxation of the not-for-profit sector.

Many of these reviews are at the planning stage. Please contact the Board if you would like to share your views or be involved in any of these projects. We have already received some expressions of interest from stakeholders and we keep a register of your interest so that we can contact you at the appropriate time.

## Contingent consideration

The Working Group continues to progress this project and anticipates their work will be provided to Government for their consideration in the first half of 2018. The Working Group is grateful to the stakeholder engagement that has assisted to progress this work.

## Sounding Board

The Board discussed new ideas recently posted to Sounding Board and a number of ideas that are currently under consideration by the Board. Please see the Sounding Board site to make comments on existing ideas or to post your own new ideas – <https://taxboard.ideascale.com/>. The Sounding Board continues to be a standing agenda item at every Board meeting.

## Release of the Board of Taxation's report on Bare Trusts

The Board of Taxation's report on Bare Trusts was published on the Board of Taxation's website this month. See: <http://taxboard.gov.au/consultation/tax-treatment-of-bare-trusts/>. The report identifies opportunities to simplify arrangements where the trustee has no or only minor powers of active management.

In her [press release](#), Minister O'Dwyer noted that the Government will look to progress the recommendations to streamline arrangements for bare trusts as part of the regulatory reform program. Treasury will undertake further consultation to progress these reforms.

The Board thanks again the stakeholders involved in contributing to this important piece of work.

A reminder to our community, a recent Sounding Board contributed by Michael Flynn QC raised the tax uncertainty arising from absolute entitlement. We encourage the tax profession and community to add your comments especially in relation to Bare Trusts.

## Annual Report

The Board's 2016-17 Annual Report has now been published.

See: <http://taxboard.gov.au/publications-and-media/publication/>

## AASB Update

Kris Peach, CEO and Chair of the Australian Accounting Standards Board (AASB) provided an update for the Board on various developments. This included a discussion on:

- the AASB Guidance on the Tax Transparency Code and the reporting of Effective Tax Rate under accounting standards;
- A new leasing standard (AASB 16) that will require both finance and operating leases to be brought on balance sheet;
- A new revenue recognition standard which has been developed jointly with the USA;
- Valuation standards both internationally and domestically; and
- Financial reporting generally.

