



Mr Adrian Flego
Manager (Acting)
Board of Taxation Secretariat
c/- The Treasury
Langton Crescent
Parkes ACT 2600
Email cgtrollovers@taxboard.gov.au

8 February 2021

Dear Mr Flego

Re: Board of Taxation's review of CGT roll-overs second consultation paper

The Minerals Council of Australia welcomes the opportunity to make a submission in relation to the second consultation paper on the review of CGT roll-overs. As has been noted in previous submissions to the Board of Taxation (BOT) on this topic, enhancements to the roll-over relief provisions will lead to more efficient and effective organisational structures and asset ownership. This will have economy wide benefits generating investment, economic growth and jobs.

We note that the latest consultation paper is focused on the concept of a general roll-over provision based on suitable principles to combine the roll-overs that have been introduced over time in a reactive way. The MCA supports the concept of a general business restructure roll-over to replace a number of roll-over provisions. As noted by the BOT, this should be simpler and could improve certainty.

Specifically, we support flexibility in relation to the restructure period and proposed changes to the demerger transactions that enable commercial arrangements to be eligible for roll-over.

The MCA does not support the proposal in relation to scrip roll-overs to stop the acquiror obtaining a CGT cost base in the target shares equal to the market value of the acquirors scrip that is given to the target shareholders as consideration in the transaction. The tax outcomes would then become vastly different between using scrip consideration compared to cash consideration. We do not support that proposal because it distorts the choice of consideration and, indeed might render scrip transactions no longer viable.

Finally, we note that the consultation paper refers to a phase two of the review to consider additional roll-over relief that can be established to be beneficial for Australia's economic recovery. The MCA has been advocating for extensions to the roll-over relief to enable more effective and efficient corporate structures and asset ownership for the overall benefit of the economy. We believe enhancements to the provisions will generate investment, growth and jobs. We look forward to participating in phase two of this review.

Please do not hesitate to contact me if you wish to discuss this further on 0436 618 593.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Ross Lyons".

ROSS LYONS
GENERAL MANAGER - TAXATION