**Senate Standing Committee on Economics**

ANSWERS TO QUESTIONS ON NOTICE

**TREASURY**

**Australian Taxation Office**

Budget Estimates 2 June 2009

**Question** **bet 38**

**Topic:** **Division 7A – rollover provisions**

**Hansard Page:** **E105**

**Senator JOYCE—**Is there any capacity in the Tax Act to roll people from a corporate entity into, for instance, a trust such that it would not strike a capital gains tax event? For example, for people with family farms, could this be rolled out of a corporate entity into a trust entity in such a manner that it did not strike a capital gains tax event yet basically gave the capacity for the same protections that they would be looking for, that is, against divorce and disassociation of the asset by entry of new parties?

**Mr Konza—**A trust does not give all the same legal protections as a company. In answer to your question, I would need to take that on notice because there are rollover provisions that apply to the rollover of assets between different entities where exactly the same people are in control. These are very technical areas and it would be dangerous for me to give you an assurance without getting that checked.

**Answer:**

The capital gains tax provisions do not allow for the deferral of a capital gains tax taxing point where assets are moved from a company to a trust or where interests in a company are exchanged for interests in a trust.