

From: David Dragovich [dragovich@iprimus.com.au]
Sent: Tuesday, 31 May 2005 12:10 PM
To: Economics, Committee (SEN)
Subject: Treasury Review of Self Assessment

Dear Mr Hallahan

I wish to submit my views on the above Report stemming from my personal experience .

In 1995 i decided for the first time in my life to start some form of investment as a means to improving my family situation for the future and to help prepare for my retirement days . After careful consideration and talking to financial planners and accountants the recommendation was to invest in the tax effective agricultural industry . Researching ASIC approved prospectus's i selected what i and my financial planner considered to be the best of these business's . This form of investment had been occurring since the late eighties hence at that stage i believed this form of investing was legitimate . In fact a work colleague had been investing for two years prior and was already receiving income from his investments . I began investing in 1995 on a small scale gradually increasing my investment strategy until 1998 , without any hint from ASIC or the ATO until 1998 , that i was involved in illegitimate investing . In fact my confidence that this form of investing was legitimate was strengthened in that time when the ATO approved 221D tax variations for me and sent me new application forms for succeeding years without request . In 1998 the ATO decided that because this form of investing had grown so large , they needed to act and perhaps regulate this industry . This they did with the introduction of Product Binding Rulings , but instead of applying this new regulation prospectively they decided to act retrospectively . Because the business's i invested in naturally had no PBR's i was branded a tax cheat via a group Part 1Va determination and hence all my tax returns for up to the previous six years were reassessed . Is this fair ? Is it fair that under the public interpretation or long standing practice that existed at the time i invested and in an endeavour to improve my lot , that i am now left with a huge tax debt ?

In 2001 the Prime Minister of Australia Mr John Howard decreed on 2UE radio that those of us involved in tax effective investing were not tax avoiders ; did not commit fraud ; should not incur retrospective liabilities and should not be subjected to 'double jeopardy' reassessments . Is this not conclusive ?

In 2005 the Australian Government have accepted the recommendations of an independent review of the self assessment system . In a move to avoid any repeat of the controversy surrounding changes to the laws governing tax effective agricultural investing which i was involved in , any changes to the public interpretation or long standing practice relating to tax would not be retrospectively applied . The ATO would be required to give affected taxpayers like me adequate warning before implementing the changes . But the Australian Government have seen fit , and i don't understand why , to apply these new reforms prospectively . Double standards apply here and again i ask is this fair ? The direct result of my innocent involvement in agricultural investing has seen a need for a change at the ATO yet the Australian Government and the ATO on this occasion choose not to act retrospectively . Yet in

1998 the ATO , who have been supported by the Australian Government , decided retrospectivity was appropriate .

In 2005 the HON Don Randall , in the House of Representatives, has called for the changes in the self assessment policy to be applied from mid 1998 . To ensure justice prevails he has also decreed that he would go as far as introducing a new Bill so that innocent investors like myself would have their reassessments cancelled . I don't quite understand why with the logic used for the tax reforms and the comments made by the Prime Minister above , that this has not already resulted in appropriate action to free me from my wrongly imposed tax debt .

Because it has now been clearly highlighted that the retrospective reassessments adopted by the ATO in 1998 were inappropriate , i ask this independent body to respond on my behalf and call on the ATO to cancel all my reassessments . I have not accepted any ATO settlement offers and like Mr Randall i will not give up until justice prevails .

Yours sincerely

David Dragovich