



21 May 2007

Mr Peter Hallahan
Committee Secretary
Senate Economics Committee
Department of the Senate
Parliament House
Canberra ACT 2600

Dear Mr Hallahan

Inquiry into the provisions of the *Tax Laws Amendment (2007 Measures No. 3) Bill 2007*

Thank you for the opportunity to lodge a submission on *Tax Laws Amendment (2007 Measures No.3) Bill 2007*. Our comments are focused on Schedule 10 of the Bill, which relates to the new withholding tax arrangements for managed fund distributions to non resident investors.

The GPT Group ("GPT") is one of Australia's largest diversified listed property groups, with total assets of \$12 billion. Our assets include quality investment properties located around Australia in the retail, office, industrial and tourism sectors, and investments offshore in the US seniors housing market and a range of European and other US property assets.

GPT is one of the top 30 stocks (by market capitalisation) listed on the Australian Stock Exchange. Our substantial investor base consists of over 47,000 investors, including large Australian and overseas institutions.

We would like to express our concern at the introduction of a 30% withholding rate on distributions to non-residents. We believe that Australia needs a flat and final rate that is competitive and removes the need for complex tax administration.

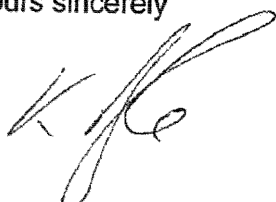
The proposed 30% rate is non-final and permits the investor to offset it with deductions — which may produce the same net Australian tax cost as a reduced flat rate. Importantly, what matters to foreign investors is the headline rate, minimising the compliance costs of lodging an Australian tax return, as well as the time that it takes to obtain a refund. Investors consider that the present system, if not changed, will be a major deterrent to foreign investment in Australian Funds.

In respect of the proposed rate, our nearest competitors have far more competitive rates of withholding: Japan has a withholding tax rate of 7% (and 0% for super funds), Singapore imposes 0% for individuals and 10% for other investors and Hong Kong has an effective rate of 15%.

GPT believes that if Australia does not adopt an international system with a more competitive tax rate, the immediate scenario will be an adverse effect on the market with foreign investors choosing to invest elsewhere in the region — followed by difficulties for Australian funds managers in raising new capital.

We would urge the Committee to recommend a review into the benefits of a flat and final withholding rate of 12.5%.

Yours sincerely

A handwritten signature in black ink, appearing to read 'K. Pryke', with a stylized flourish at the end.

Kieran Pryke
Chief Financial Officer
The GPT Group