



**Australian Securitisation Forum**

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Dear Member,

Many of you should have already directly received the attached letter and draft generic settlement deed from the Australian Taxation Office (dated 30 June 2009). In summary, this letter confirms the ATO's final position with respect to past (and future) GST liabilities arising in relation to Tier 2 (Non-Bank) securitisation arrangements in accordance with Division 72 of the GST Act as follows:

- The Tax Office are able to settle GST for the past on a concessionary basis (generally referred to as the 1A=1B basis) as outlined in schedule 1 of the draft settlement deed (Attachment 1);
- The settlement will require agreement to the full cost recovery method for the future as outlined in Schedule 2 of the draft settlement deed;
- The Tax Office are unable to settle on a net GST basis, for the reasons outlined in their letter dated 30 June 2009; and
- The Tax office are unable to settle the Income Tax issues that arise from these GST liabilities for the reasons outlined in their letter dated 30 June 2009.

Given the time that has elapsed since negotiations between the ATO and the ASF first commenced in relation to the Tier 2 GST Settlement, and the various ASF submissions made to the ATO during that period, many of which have resulted in important concessions being obtained on behalf of the industry, the ASF Taxation Committee is now recommending that all ASF members consider their individual positions in respect to the proposed GST settlement process. This will inevitably require affected members to liaise directly with their corporate tax advisers and ATO representatives. Importantly, the ATO is requesting taxpayers to provide an indication of their willingness (or otherwise) to enter into a GST settlement on the proposed terms by no later Friday, 31 July 2009.

The ASF Taxation Committee is continuing to consider the practical aspects for members of implementing the full cost recovery method from 1 July 2009 which the ATO asserts "properly reflects the market value of supplies between the Corporate Entity and the various associated trusts". Please do not hesitate to contact me or any members of the Taxation Committee if you would like to participate in this ongoing process.

Kind regards,

Patrick Tuttle  
Deputy Chairman  
Australian Securitisation Forum, Inc.