



Australian Government

The Treasury

IMPROVING THE INTEGRITY OF PRESCRIBED PRIVATE FUNDS

SUMMARY OF CONSULTATION PROCESS

The Government announced in the 2008 Budget that it would legislate guidelines to improve the integrity of prescribed private funds (PPFs) and to provide the trustees of PPFs with greater certainty as to their philanthropic obligations.

This measure was included in Tax Laws Amendment (2009 Measures No. 4) Bill 2009, which was introduced into Parliament on 25 June 2009.

Consultation process

Consultation on a discussion paper was conducted between 26 November 2008 and 14 January 2009. 138 submissions were received. Further discussions were held with representative bodies after 14 January 2009.

Consultation on the draft legislation was conducted between 14 May 2009 and 29 May 2009. 14 submissions were received.

Submissions can be viewed by clicking on the following link.

<http://www.treasury.gov.au/contentitem.asp?NavId=037&ContentID=1541>

Summary of key issues

Many respondents to the discussion paper were encouraged by the Government's interest in the philanthropic sector, and in particular the proposals to simplify arrangements for PPFs, and give the ATO greater regulatory powers. However, the majority of respondents also cautioned against increasing the minimum distribution rate for PPFs to a point where PPFs are unable to exist in perpetuity. The matter of a minimum distribution rate will be considered by the Government along with other matters before the new guidelines are released for public consultation.

An exposure draft of legislation was released on 14 May 2009. There was general support for the changes proposed in the exposure draft. However, a number of refinements were made as a result of minor concerns about transitional arrangements and the scope of the administrative penalty regime.

Feedback

Feedback on the consultation process for this measure can be forwarded to consultation@treasury.gov.au. Alternatively, you can contact Chris Leggett on (02) 6263 3208.

Thank you to all participants in the consultation process.