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## Tax measures for affordable housing

The Government has released draft tax legislation to implement elements of its housing affordability plan. The proposed measures include an increased capital gains tax discount for people who hold affordable rental housing investments for at least three years.

Under the draft legislation, managed investment trusts would be allowed to hold affordable housing investments with the main aim of deriving long-term rental income, but purchasing residential property that is not affordable housing would no longer be permitted for these trusts.

**TIP:** If this legislation is passed, there will be a transitional period for managed investment trusts that already hold non-affordable housing residential property to change their investments to comply with the changes.

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## Legislation for First Home Super Saver scheme and downsizer super contributions

A Bill has been introduced into Parliament to establish the First Home Super Saver (FHSS) scheme and allow people aged 65 or over to make “downsizer contributions” to their super.

The FHSS scheme will allow people to make voluntary contributions into super, take advantage of the associated tax concessions, and later withdraw the contributions and associated earnings to buy their first home.

The downsizer contribution changes will allow older Australians who sell their main residence from 1 July 2018 to make non-deductible contributions of up to \$300,000 to their superannuation from the sale proceeds.

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## No GST on digital currency: Bill

The GST Act (*A New Tax System (Goods and Services Tax) Act 1999*) is being amended to ensure that digital currency, such as Bitcoin, is disregarded for GST purposes unless the supply is made in exchange for a payment of money or digital currency.

To achieve this, a definition of “digital currency” will be inserted into the GST Act. Under the new definition, a digital currency has broadly the same features as state fiat currencies (legal tender). In particular, the value of a digital currency must derive from the market’s assessment of its value. A digital currency’s value cannot be based on the value of anything else, so it must not have, for example, a value pegged to Australian or United States dollars.

The currency units must be useable as consideration for any type of supply, and must be generally available to the public.

Units will not be considered digital currency if they give the holder benefits (such as memberships or vouchers), other than entitlements incidental to holding the unit or using it as consideration.

**TIP:** When the new definition passes into law, no GST will apply for supplies of digital currency made on or after 1 July 2017.

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## New financial and superannuation complaints authority

Legislation has now been introduced to establish a new external dispute resolution framework and an enhanced internal dispute resolution framework for the Australian financial system.

Consumers will have easy access to a single external dispute resolution scheme, the Australian Financial Complaints Authority (AFCA). Certain firms that provide financial and credit services will need to be members of AFCA, including Australian financial services licensees, unlicensed product issuers, unlicensed secondary sellers, Australian credit licensees and credit representatives, regulated superannuation funds (other than SMSFs), approved deposit funds, retirement savings account providers, annuity providers, and life policy funds and insurers.

Before AFCA will consider a dispute, it will refer the complaint back to the financial firm so it can attempt to resolve the dispute within a defined timeframe. AFCA will also have an independent assessor to investigate any complaints about how disputes are handled.

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## Superannuation guarantee

### Crackdown on employer non-compliance

The Government has announced a package of reforms to give the ATO near-real-time visibility over employers’ superannuation guarantee (SG) compliance. The package includes measures to:

- require super funds to report contributions at least monthly to the ATO;
- roll out Single Touch Payroll (STP); and
- give the ATO the ability to seek court-ordered penalties in severe cases of non-payment.

### Salary sacrifice integrity

Legislation has also been introduced to prevent employers from using an employee’s salary sacrifice contributions to reduce the employer’s own minimum SG contributions. This change would apply to working out employers’ SG shortfalls for quarters beginning on or after 1 July 2018

**Important:** Clients should not act solely on the basis of the material contained in Client Alert. Items herein are general comments only and do not constitute or convey advice per se. Also changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. Client Alert is issued as a helpful guide to clients and for their private information. Therefore it should be regarded as confidential and not be made available to any person without our prior approval.