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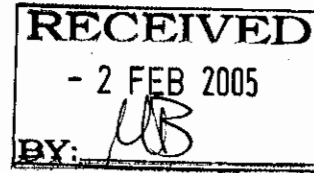
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31<sup>ST</sup> January 2005

The Secretary  
Board of Taxation  
Treasury Building  
Langton Crescent  
Parkes  
ACT 2600



Dear Sir,

Re: Small Business CGT concessions review

We believe that you are currently conducting a review of the above concessions, and we would like to draw to your attention an area of the law which may be missing its target.

We are presently advising three clients, being a father and his two adult sons, who are the directors and only shareholders of a small business run as a proprietary limited company. Each shareholder owns 1/3 of the issued shares. One of the shareholders now wishes to retire from the business.

Because none of the shareholders holds at least 50% of the shares, there is no "controlling individual" as defined in the legislation, and none of the shareholders are therefore entitled to capital gains tax relief under the small business concessions. If they had conducted the business as a partnership, the CGT concessions would have been available to each of them. This seems to be inconsistent with the general intent of the legislation.

Submitted for consideration.

Yours faithfully,

MICHAEL T. TAYLOR, FNTAA