



**Australian Government**

**Department of Families, Housing,  
Community Services and Indigenous Affairs**

Mr Mike Myers  
Chief Executive Officer  
Queensland Affordable Housing Consortium Ltd.

Dear Mike,

I am writing on behalf of the Department of Families, Housing, Community Services and Indigenous Affairs to confirm that the Government's intention is that investors receive their full entitlement to the NRAS Incentive.

The Hon Tanya Plibersek MP, Minister for Housing wrote to QAHC on the 24 December 2009 to address the consortium's concerns related to whether investors are entitled to receive the full value of the NRAS incentive and to address any perceived ambiguity created as a result of the Australian Taxation Office's ATOID 2009/146, in particular its reference to NEJV and participation in NRAS. The Minister and Treasurer committed to a workable solution through an initial administrative solution and longer term to a legislative fix.

As advised in the letter of 13 January 2010 the Department has worked with the ATO to finalise an administrative solution to resolving the tax issues for non-entity joint ventures who may be affected in the 2009/10 financial year. Regulatory and legislative amendments will be introduced in 2010 to effect a permanent fix for future years.

An administrative solution has been agreed and is in the process of being implemented and will address the issue where, under current arrangements, certain entities participating as members of joint ventures involving head leasing and sub leasing arrangements may potentially have their NRAS Incentive taxed.

The ATO has advised the Department that, depending on the legal form of the certificate, Incentives may be received tax free by the lead agency/approved participant; but they cannot be passed on to other members of the joint venture such as the investor/owner of the dwelling without a potential tax liability being passed onto the investor/owner. When the lead agency passes on the incentive to the dwelling owner, income tax could be applied to the payment.

The administrative solution will resolve the issue by issuing tax offset certificates directly to the investors/owners and in a format that will meet the ATO's requirements to enable the offset to be obtained by the NRAS investor/dwelling owner without tax applying. The lead agency will also receive a consolidated copy of the certificates with dwelling schedules, as is current practice, for their records.

The ATO has confirmed that this approach will meet their requirements. This approach is a short term solution to give practical effect to the Scheme's policy intent that investors receive the full entitlement of the NRAS Incentive.

I hope this letter is of assistance in clarifying the approach to the administrative solution and look forward to working with you to ensure the success of this solution.

Yours sincerely

Susan Finnigan  
Branch Manager  
Affordable Housing Branch  
8/02/2010