

19 March 2012

General Manager
Indirect Tax Division
The Treasury
Langton Crescent
Parkes ACT 2600

Email: FinancialSupplies@treasury.gov.au

Dear Sir/Madam

Re: Goods and Services Tax (GST) Exposure Draft Regulations GST Financial Supply Provisions (EDR)

The Australian Custodial Services Association Limited ("ACSA") is the peak industry body representing members of Australia's custodial and investment administration sector. Its mission is to contribute to innovation within Australia's investment administration infrastructure, support the development of custody professionals, and to provide leadership in representing its members. ACSA represents members holding securities in excess of \$1.85 trillion in custody and under administration, and which employ more than 3,000 staff.

Whilst acknowledging that the Closing date for submissions has passed, ACSA would like to take the opportunity to provide comments to the EDR issued by Treasury on 13 January 2012. In particular these comments are made in relation to changes to the reduced input tax credit (RITC) for trustee and responsible entity services.

Having read the submission of the Financial Services Council ("the FSC") dated 27 February 2012, ACSA submits that the implementation of these reforms should be delayed and we fully support and endorse the comments of the FSC under the heading on pages 2 and 3 of that submission that the start date should be deferred until 1 July 2013.

Custodians are heavily reliant on systems that do not lend themselves to "quick fixes" and changes thereto need to be fully tested before installation and going "live". Given that the exposure draft may not accurately reflect what will be contained in the final version of the legislation and that such legislation may not be produced much before April or even May, it will be extremely difficult for these systems to be implemented with a July 1 2012 start date.

The investment administration systems used by custodians to keep track of GST and RITC may not be able to be changed within the existing time frame and as a consequence custodians will be forced to introduce manual "work arounds" to accommodate these changes. This will cause a resultant increase in risk and the potential for inadvertent error.

In addition, such manual interventions into such systems have the propensity to significantly increase costs to the members of ACSA.

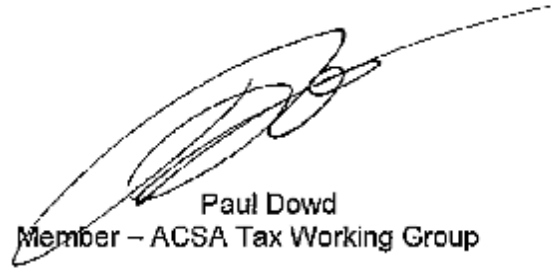
In the light of the above, ACSA confirms our support for a delay to the implementation of these reforms until 1 July 2013.

Please feel free to contact either of us if you have any further questions in relation to this submission.

Yours sincerely



Gordon Little
Board Member ACSA



Paul Dowd
Member – ACSA Tax Working Group