



20 April 2017

Division Head  
Corporate and International Tax Division  
The Treasury  
Langton Crescent  
PARKES ACT 2600

By email: [stapledstructures@treasury.gov.au](mailto:stapledstructures@treasury.gov.au)

### **Stapled Structures Consultation Paper**

Thank you for the opportunity to respond to Treasury's review of stapled structures.

Lendlease is a leading international property and infrastructure group with operations in Australia, Asia, Europe and the Americas. Founded in Sydney in 1958, Lendlease was born out of a vision to create a company that could successfully combine the disciplines of financing, development and investment.

Lendlease is committed to creating and delivering innovative and sustainable property and infrastructure solutions for future generations. Our core capabilities are reflected in our operating segments of Development, Construction and Investments. Combining these capabilities across the property and infrastructure value chain has allowed Lendlease to offer innovative integrated solutions for our clients.

As both a member of and investor in Australia's REIT market, we support measures to improve the integrity of the system and ensure stapled structures are not used to inappropriately re-characterise trading income as passive income.

We are very concerned that while the discussion paper indicates it is not targeted at REITs, all of the potential policy proposals could, if enacted hastily and without proper consultation, have a very substantial impact on the Australian REIT sector.

Lendlease has participated in three consultation forums with Treasury over the last three weeks. It is quite apparent that the four-week window for submissions is inadequate for industry to properly understand the Government's policy settings and work through these very significant issues.

We support the recommendation put forward by the Property Council of Australia that Government commit to a detailed and consultative process with Treasury, the ATO and industry to undertake a holistic review of stapled structures to improve and modify the relevant law and co-design a targeted measure to address the inappropriate re-characterisation of trading income as passive income, while preserving the current REIT tax framework.



A well targeted holistic review should explore opportunities to address housing affordability (for example, through develop to rent products) and facilitate opportunities for domestic trusts to invest in today's markets both domestically and overseas. This could be achieved through a modernisation of Division 6C.

Any fundamental changes to the existing REIT tax framework could, without appropriate consideration, put at risk Australia's international reputation as a stable and competitive environment for investment. This is particularly relevant given the industry is still working through the recent MIT changes, the introduction of the CGT withholding rules, changes to FIRB legislation and processes and the introduction of new state-based charges on foreign investors.

Please contact me if you require any further assistance and we would of course be happy to participate in any ongoing consultation.

Yours sincerely

A handwritten signature in black ink, appearing to read "SMC", is positioned below the "Yours sincerely" text.

**Steve McCann**  
**Group Chief Executive Officer and Managing Director**  
**Lendlease**