

Ref: AMK

9 June 2026

Senate Standing Committees on Economics

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Dear Committee

Treasury Laws Amendment (Tax Reform No. 1) Bill 2026.

We welcome the opportunity to comment on the *Treasury Laws Amendment (Tax Reform No. 1) Bill 2026*.

Pitcher Partners is an Australian advisory and accounting firm that works closely with the middle market, including private groups, family businesses and high net worth individuals. We regularly advise on complex tax issues and the practical operation of the tax system.

We are concerned that the proposed Subdivision 112-E (deemed disposal and acquisition rule) is significantly more complex than required to achieve its policy objective. Based on an initial review, we estimate that the rules give rise to a large number of interaction issues across the whole income tax Act. At this early stage, with limited review, we have identified numerous interaction issues that will all need to be addressed to ensure the legislation operates as required.

The proposal introduces an artificial deemed sale mechanism that departs from established CGT design. This increases uncertainty and is likely to impose significant compliance and advisory costs. In our view, it is inconsistent with the Government's red tape reduction agenda and will require substantial Treasury and ATO resources to resolve ongoing unintended consequences and interpretive issues.

We have developed an alternative approach, based on an allocation method rather than a deemed sale, which we believe achieves the same policy outcome in a simpler and more coherent way. In our view, this alternative removes the need for a deemed disposal, is easier to understand and apply, and should be accessible to all taxpayers without extensive advisory input. Importantly, we do not believe that there should be any change to revenue outcomes under this alternative (as it effectively achieves the same outcome). We have also included

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sample draft legislation to demonstrate a more straightforward mechanism. Please refer to Appendix A for our detailed comments.

We provide this submission in the interests of working with you to ensure that the tax system is as simple and workable for taxpayers, advisers and the administration. We believe that complexity is not a preferred outcome for any parties implementing these new rules. We would welcome the opportunity to discuss our submission further and would be pleased to work with Treasury at short notice. I can be contacted on (03) 8610 5170 or alexis.kokkinos@pitcher.com.au.

Yours sincerely



A M KOKKINOS
Executive Director