

28 November 2017

Sarah Welch  
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By Email: [Sarah.Welch2@ato.gov.au](mailto:Sarah.Welch2@ato.gov.au)

Dear Sarah

**Draft Taxation Ruling 2017/D8**  
**Tax treatment of long-term construction contracts**

Thank you for the opportunity to provide comments in relation to draft Taxation Ruling 2017/D8 (TR 2017/D8), which has been issued for public comment following the consolidation of a number of taxation rulings and determinations under Project Refresh.

The Property Council is the peak body representing the interests of owners and investors in Australia's \$670 billion property investment industry. The Property Council represents members across all four quadrants of property investment, debt, equity, public and private.

Subject to our comments below, industry supports finalising TR 2017/D8.

**Date of effect**

We note that the rulings and determinations which were consolidated under Project Refresh were withdrawn with effect from 18 October 2017, TR 2017/D8 being issued for public comment on the same day. Paragraph 44 of TR 2017/D8 proposes the date of effect of the finalised ruling to be 1 January 2018. We understand that, based on statements in the preamble to TR 2017/D8, taxpayers will be able to rely on the draft ruling to provide protection against interest and penalties for the period from 18 October 2017 to 31 December 2017.

**Service or maintenance contracts**

Paragraph 6 "Consistency of method" appropriately notes that service or maintenance contracts are excluded from the scope of the draft ruling. The rationale explained is that service or maintenance contracts are for the provision of services rather than construction. Noting that contracts for construction may also include the provision of services, it may be appropriate to modify this wording so that it is clear that contracts for construction that involve the provision of services are within the scope of the draft ruling.

If you have any queries, please do not hesitate to contact me on 02 9033 1929.

Yours sincerely



Belinda Ngo  
**Executive Director, Capital Markets**