

11 January 2010

Manager
Industry Tax Policy Unit
Business Tax Division
The Treasury
Langton Crescent
PARKES ACT 2600

**Forestry Managed Investment Scheme Amendments: Exposure Draft legislation
and Explanatory Material**

The National Association of Forest Industries (NAFI) supports the proposed changes to the taxation laws designed to protect investors in forestry Managed Investment Schemes (MIS) from unintended and adverse tax outcomes from the existing 'four year rule' for holding a forestry interest.

The proposed changes in the exposure draft legislation will provide greater certainty to investors in forestry MIS in the event of them facing unforeseen circumstances such as death, insolvency of the MIS manager, interest in the scheme being compulsorily transferred because of marriage breakdown, compulsory acquisition by a government or where the trees are destroyed by fire, flood or drought. NAFI also supports the amendments to maintain the promoter penalty provisions as they aim to ensure the integrity of the investment.

NAFI regards these amendments as important in rebuilding the confidence of investors and the forest industry in forestry MIS arrangements, as well as improving the operation of these arrangements. The forestry MIS arrangements have been essential in developing the plantation industry and generating significant economic, social and environmental benefits for Australia. If you have any queries regarding this submission, please do not hesitate to contact NAFI on (02) 6285 3833.

Yours sincerely



Allan Hansard
Chief Executive Officer

