



The National Housing Report

**13 November, 2008 – Issue 1.1 - Update
Aged & Community Services Australia**

Government Action on NRAS Tax Problem

Since sending out the first issue of the National Housing Report yesterday there has been an important and positive development regarding the passage of National Rental Affordability Scheme legislation.

The Senate Community Affairs committee has recommended that the legislation be passed given that:

"On 12 November the Treasurer, Hon. Wayne Swan MP, announced an amendment to the *Extension of Charitable Purpose Act 2004* to expand the definition of charitable purpose to include participation in the NRAS by an organisation holding charity status. The definition of charitable purpose would be extended only for the first 2 years of the Scheme's operation, pending the outcome of broader reviews into the taxation system currently underway."

The Greens have put out a Press Release supporting the amendment so it is reasonable to expect the NRAS bills to be passed.

The Government has repeatedly indicated that they are eager for the not for profit sector to be an active player in NRAS and they have taken decisive action to enable this to occur.

However this protection only relates to the establishment phase of the program - that is 11,000 of the proposed 50,000 places. The establishment phase includes round 1 which is closed but not announced, and round 2 which is due to be announced within 2 weeks of the passing of the legislation and will close in March 2009.

For those providers that can meet these timelines the protection of charitable status is for the 10 years of the NRAS incentive. For those who were looking to the expansion phase from March 2009 there is no such automatic protection. Instead we will need to await the outcome of the Henry Tax review.

While this amendment is a clear indication of Government's positive intentions its 2 year limit may impact adversely on members planning for future housing developments. To ensure that ACSA is able to accurately represent your interests could you please let us know ASAP if and how this amendment will impact on your future plans.

For those who are interested in NRAS you would be well advised to speed up your planning and submit in this upcoming round