BRAD

Chapter 1

REDESIGNING THE TAX CODE FOR TAXING INVESTMENT INCOME

BRAD

Chapter 1: redesigning Brad's country's complex tax code for taxing investment income

Brad is involved in the funny business and excitement of taxing investment income: the income that comes from saving for future living rather than consuming now.

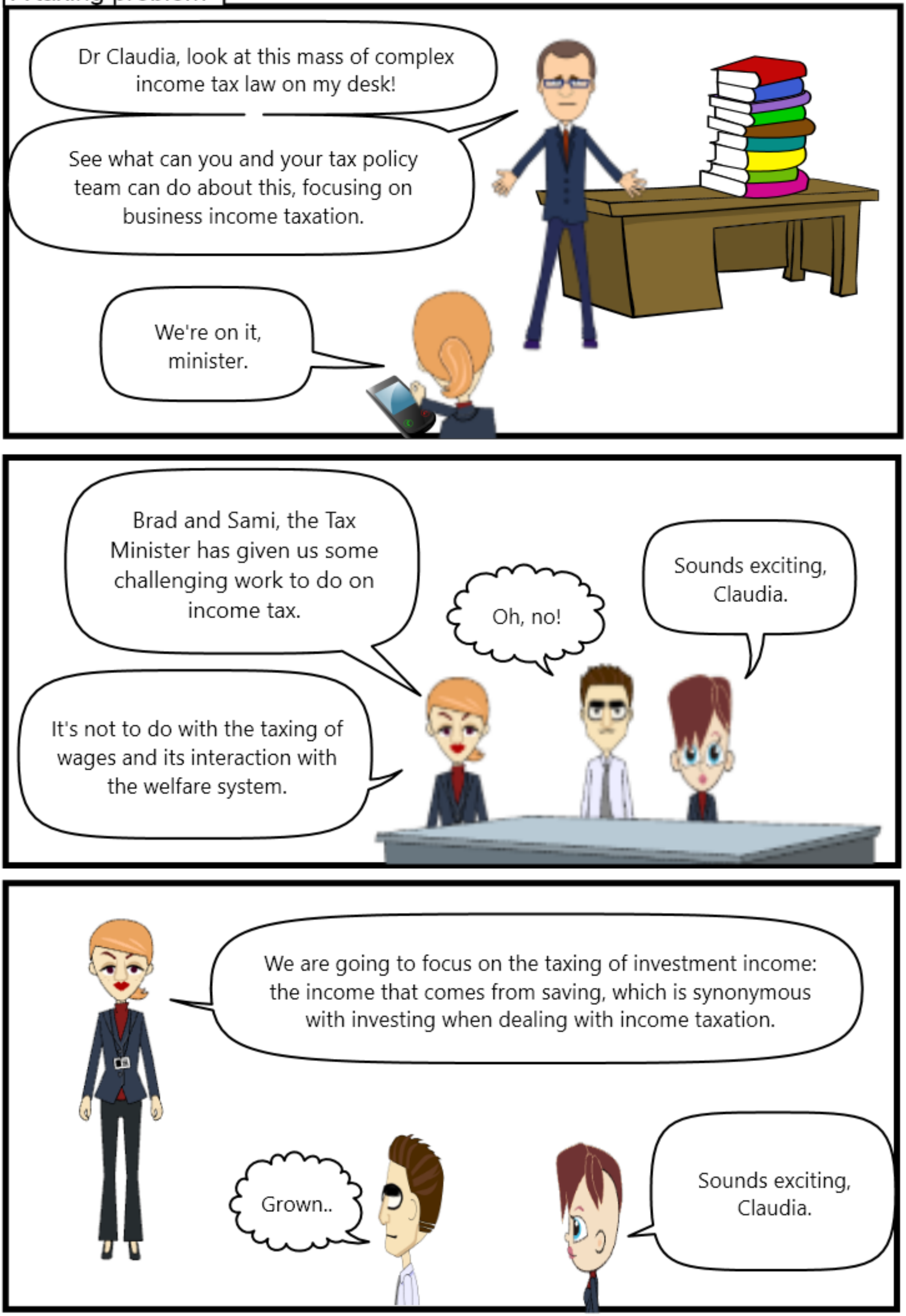
This chapter works through the trials and tribulations of our very dedicated tax policy team, Claudia, Brad and Sami, as they try to meet the Tax Minister's call to shorten and simplify existing complex income tax law that taxes investment income.

At least some in the team believe this requires principle-based law that promotes fairness and efficiency (minimal impact on decisions).

In order for the team to fix on design with these characteristics that simplifies the relevant tax code, the team has to work trough a number of issues like: the difference between income taxation and expenditure taxation; design requirements of taxing investment income to achieve fairness and efficiency; the make-up of investment income, including the difference between capital and current costs; and, alternative ways to specify taxable income that are principle-based yet practical expressions of investment income.

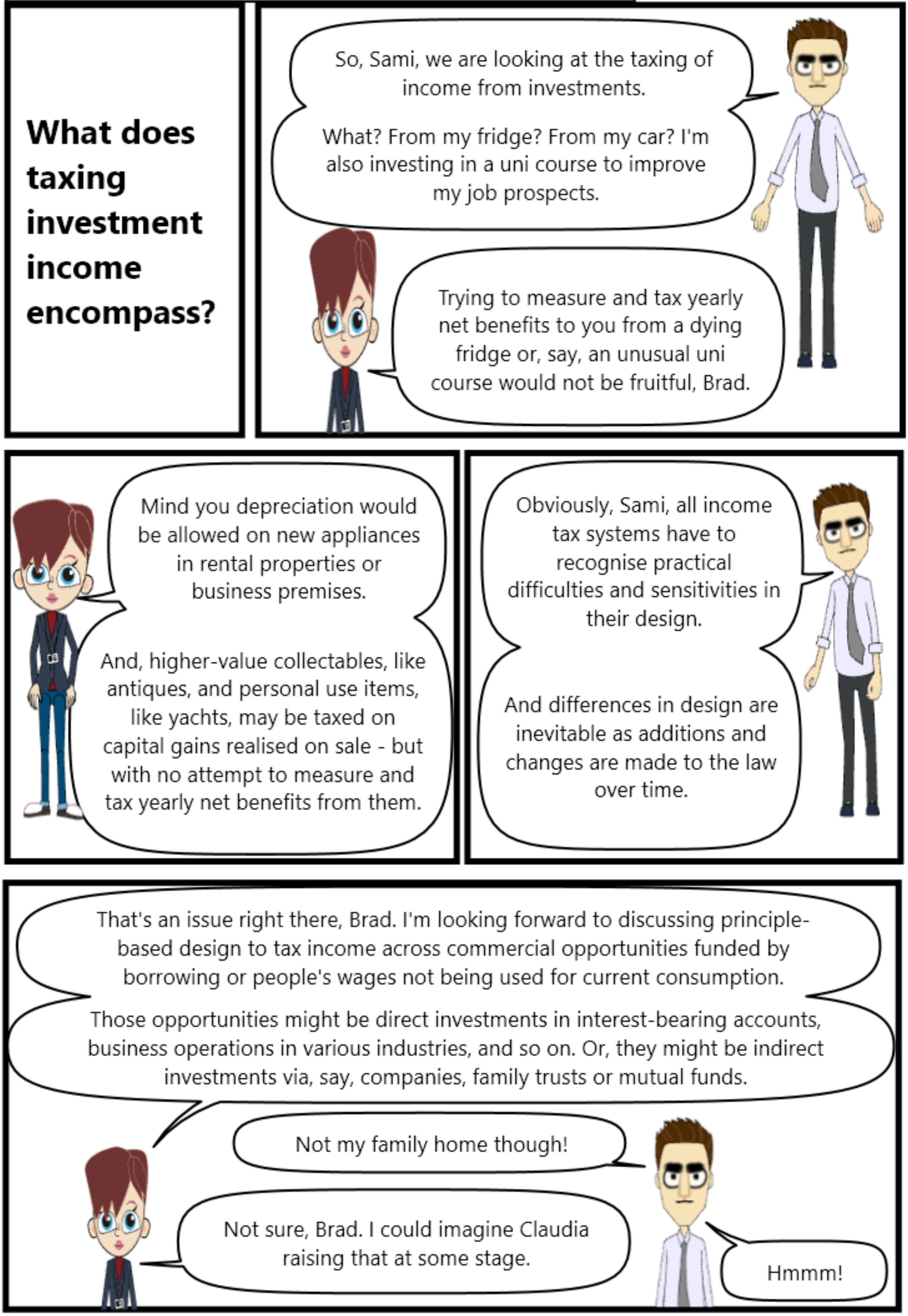
Amazingly, the tax code in Brad's country has close similarity with that in Australia. And, the 1999 Ralph Review in Australia (see Preface) contains recommendations aimed at achieving what Brad's minister wants. Consequently, that review is a useful reference, as is material produced by Australia's Board of Tax (2002), incidentally, a body established on the recommendation of the Ralph Review itself.

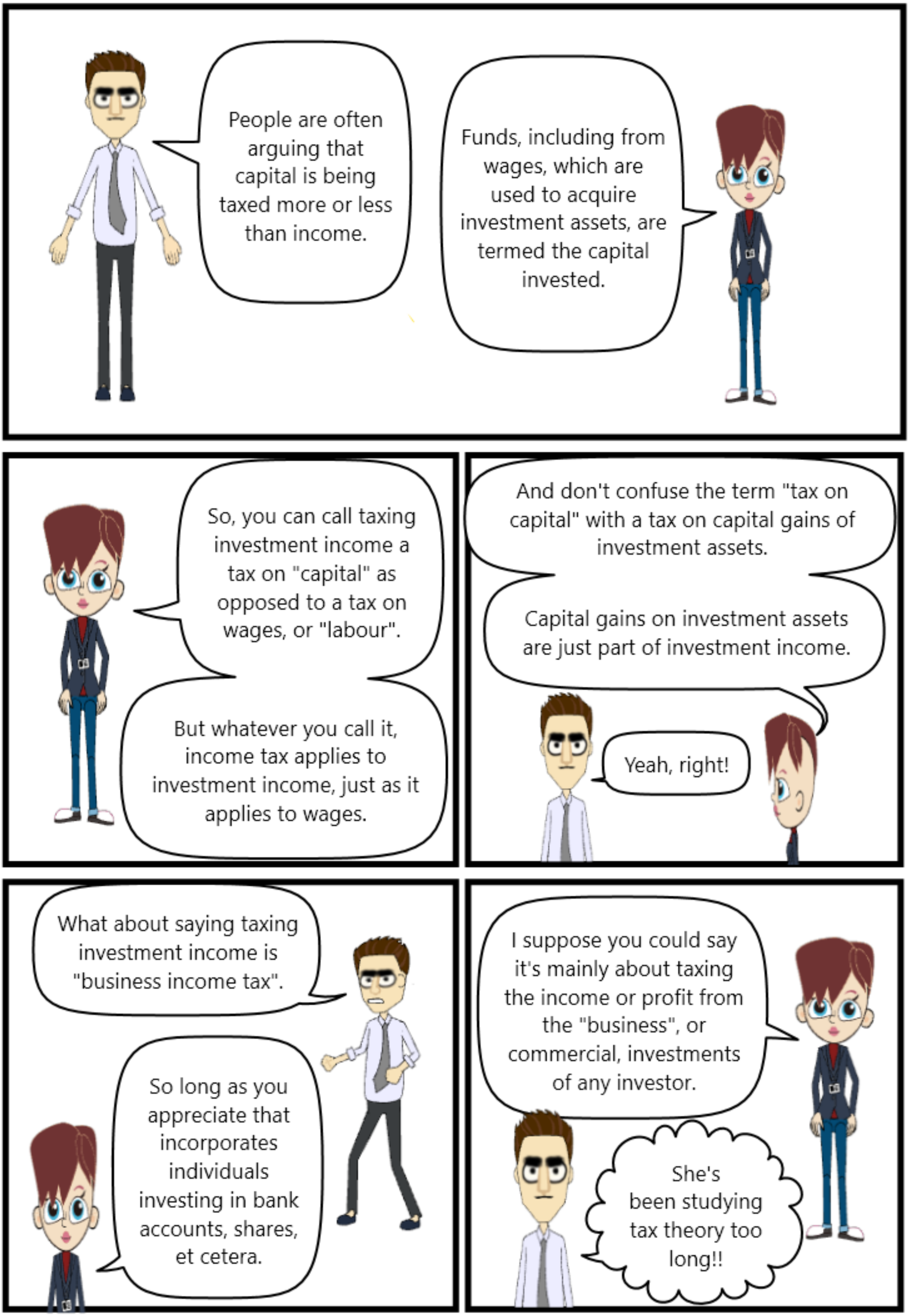
A taxing problem



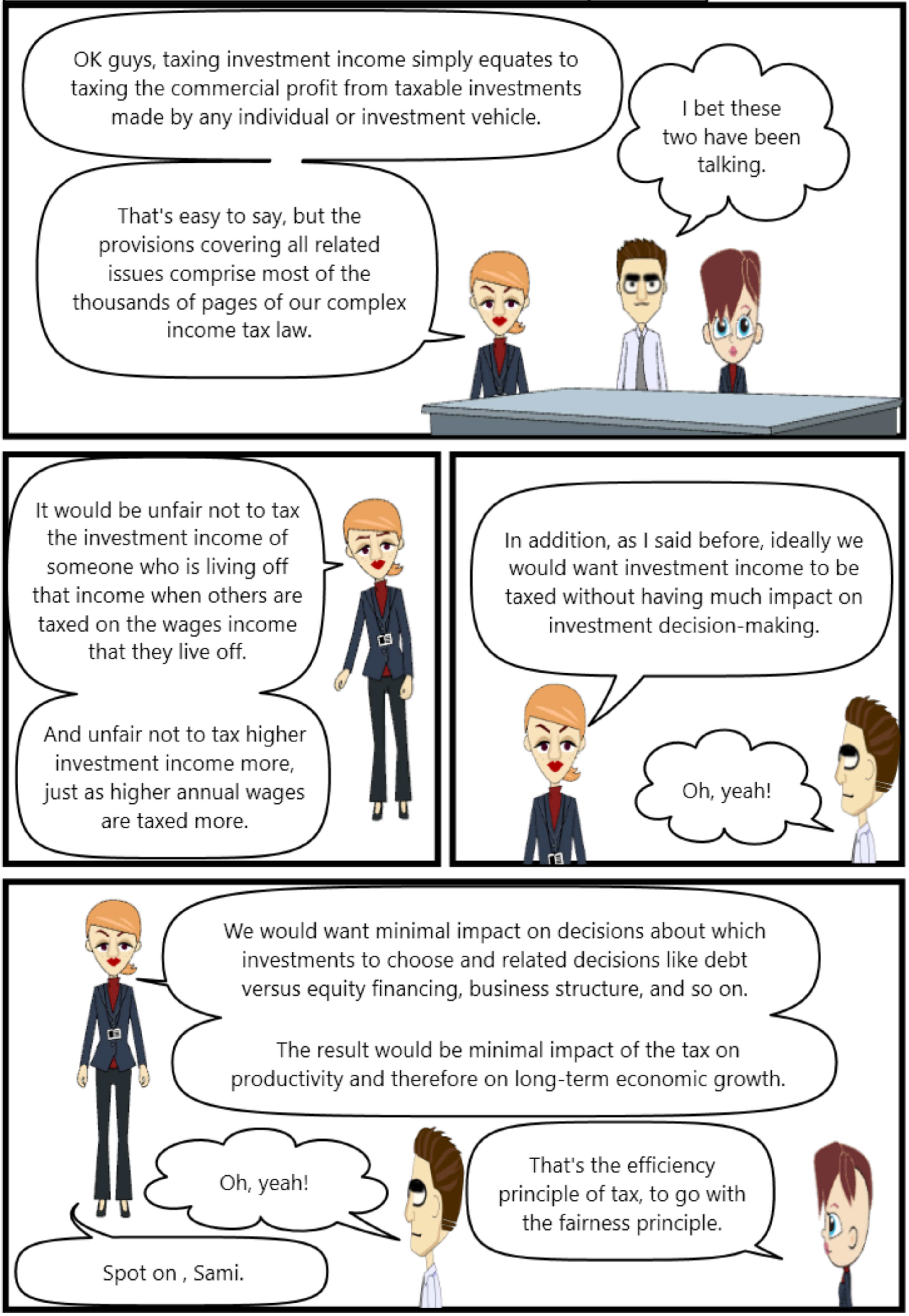

The Tax Minister wants us to simplify the complex and dense tax code we have for taxing investment income.
We will have to bed the aim of simplification within the usual tax policy principles of efficiency, or the minimisation of tax impact on investment decisions, and fairness.
In fact, we will focus a lot on tax design with neutral impact on decisions. Fairness comes naturally from applying neutral tax design to people's annual income regardless of source of the income.
Fairness relating to people with different levels of income then puts a focus on progression in the personal tax rate scale.
Overall then, we'll have to first be very clear on neutral tax design, then search for associated simplification in practical expression of that design.
I can feel some impractical theoretical purity coming on.
Oh, this is so exciting!
I'll get you together when I've given more thought to the task ahead.
Long hours ahead, again!
It will be all good, Brad.
TAX
DEPARTMENT

Brad and Sami shake out before team discussions

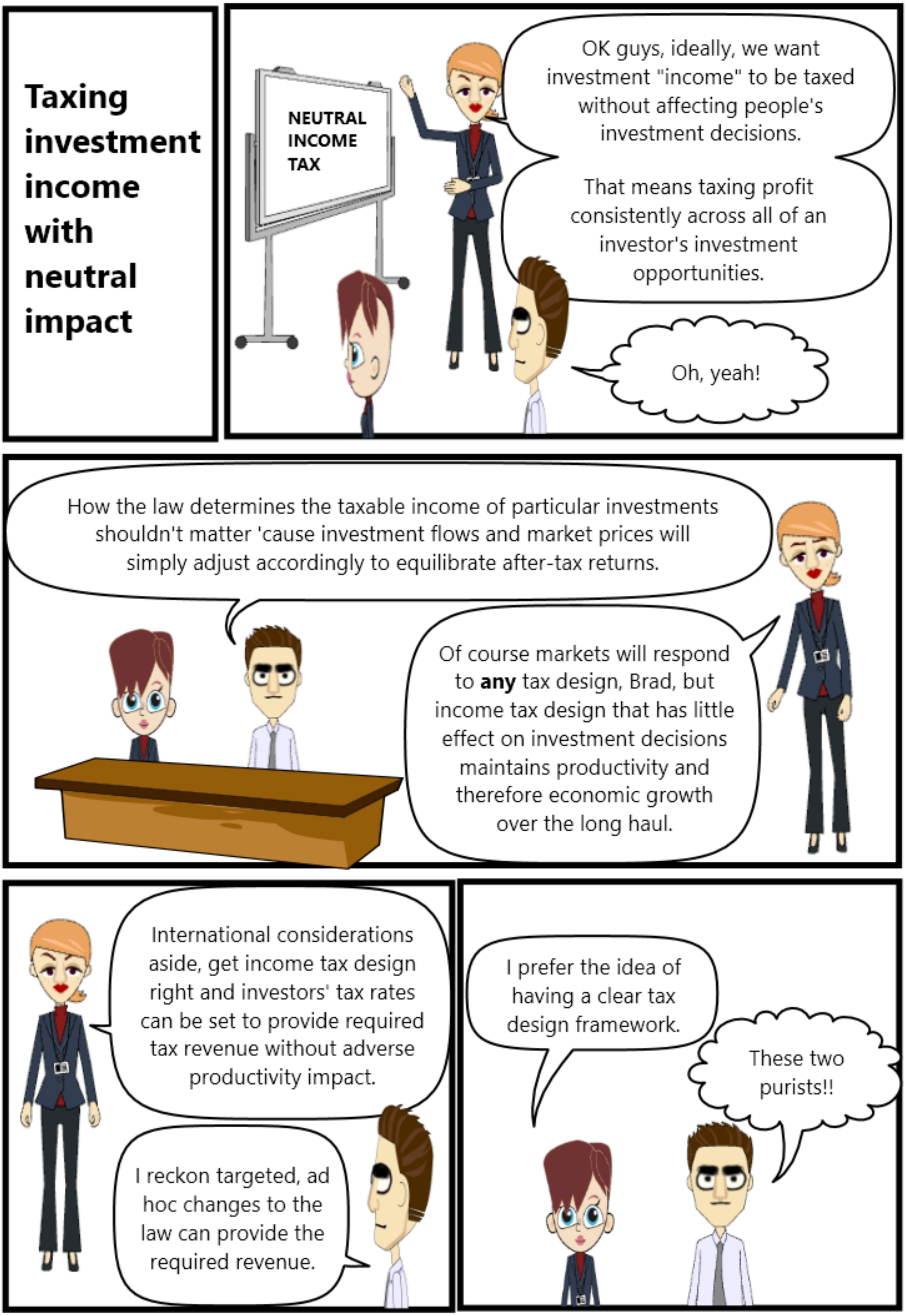


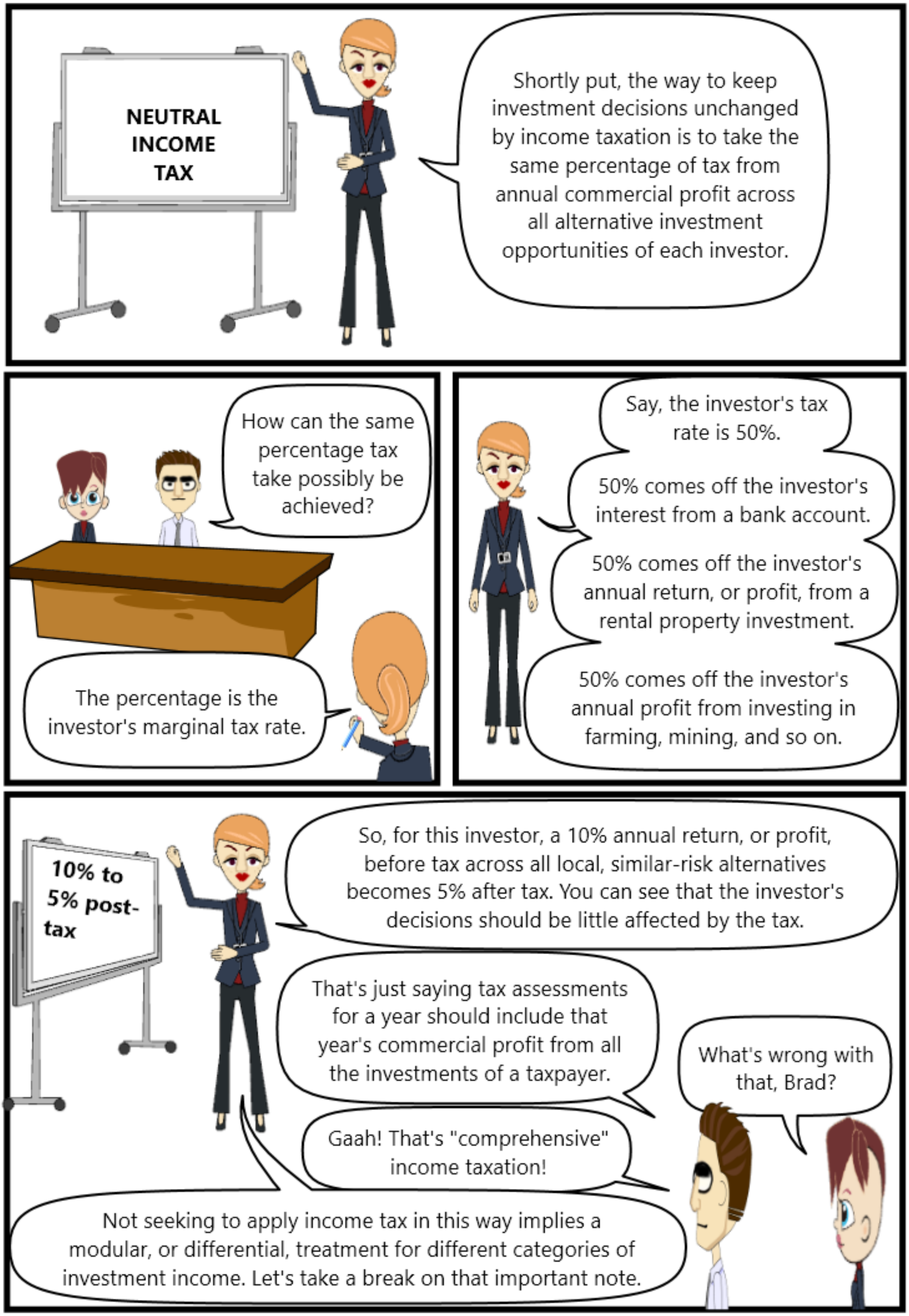

People are often arguing that capital is being taxed more or less than income.
Funds, including from wages, which are used to acquire investment assets, are termed the capital invested.
So, you can call taxing investment income a tax on "capital" as opposed to a tax on wages, or "labour".
But whatever you call it, income tax applies to investment income, just as it applies to wages.
And don't confuse the term "tax on capital" with a tax on capital gains of investment assets.
Capital gains on investment assets are just part of investment income.
Yeah, right!
What about saying taxing investment income is "business income tax".
So long as you appreciate that incorporates individuals investing in bank accounts, shares, et cetera.
I suppose you could say it's mainly about taxing the income or profit from the "business", or commercial, investments of any investor.
She's been studying tax theory too long!!

Team discussions start with fairness and efficiency criteria

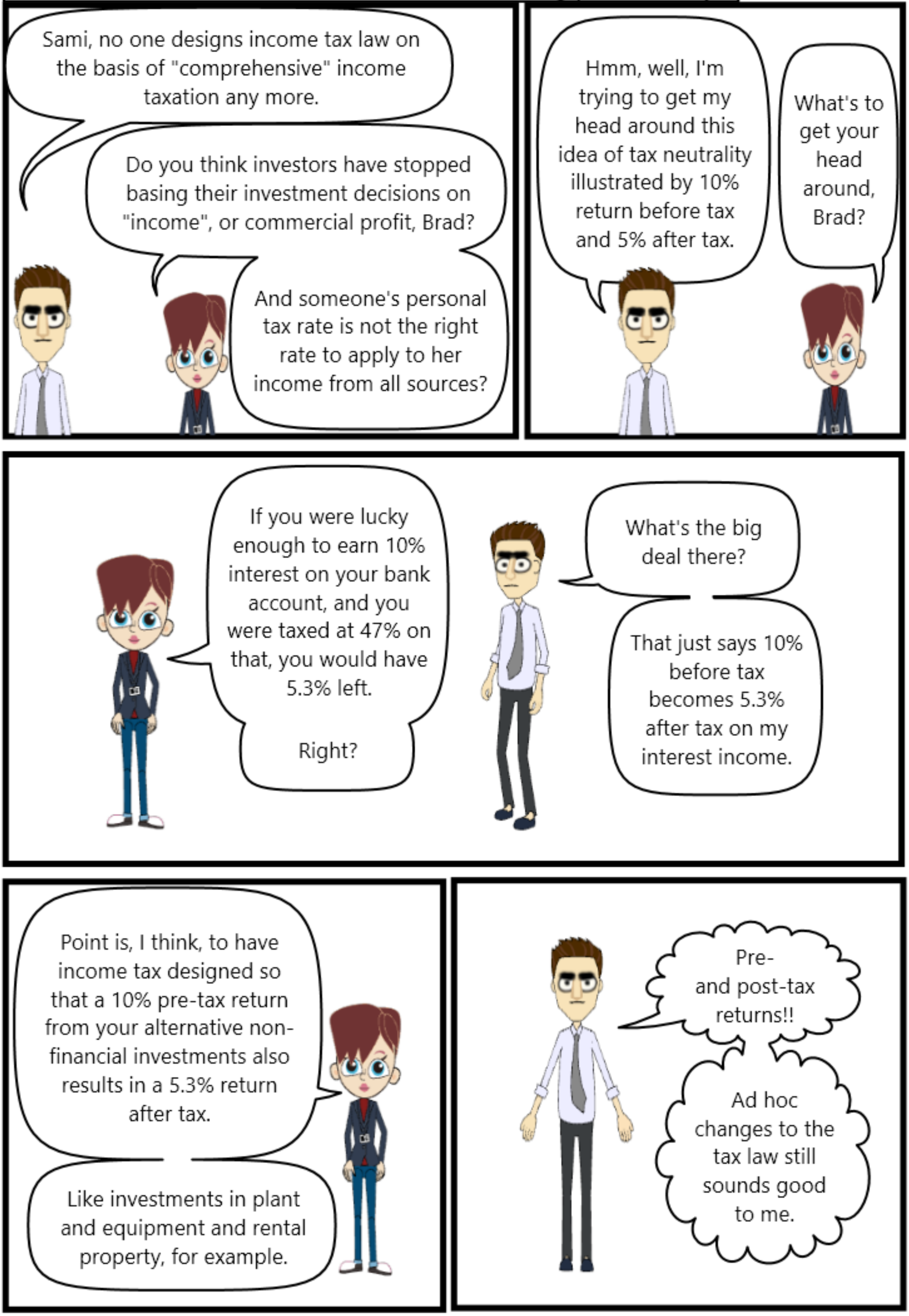


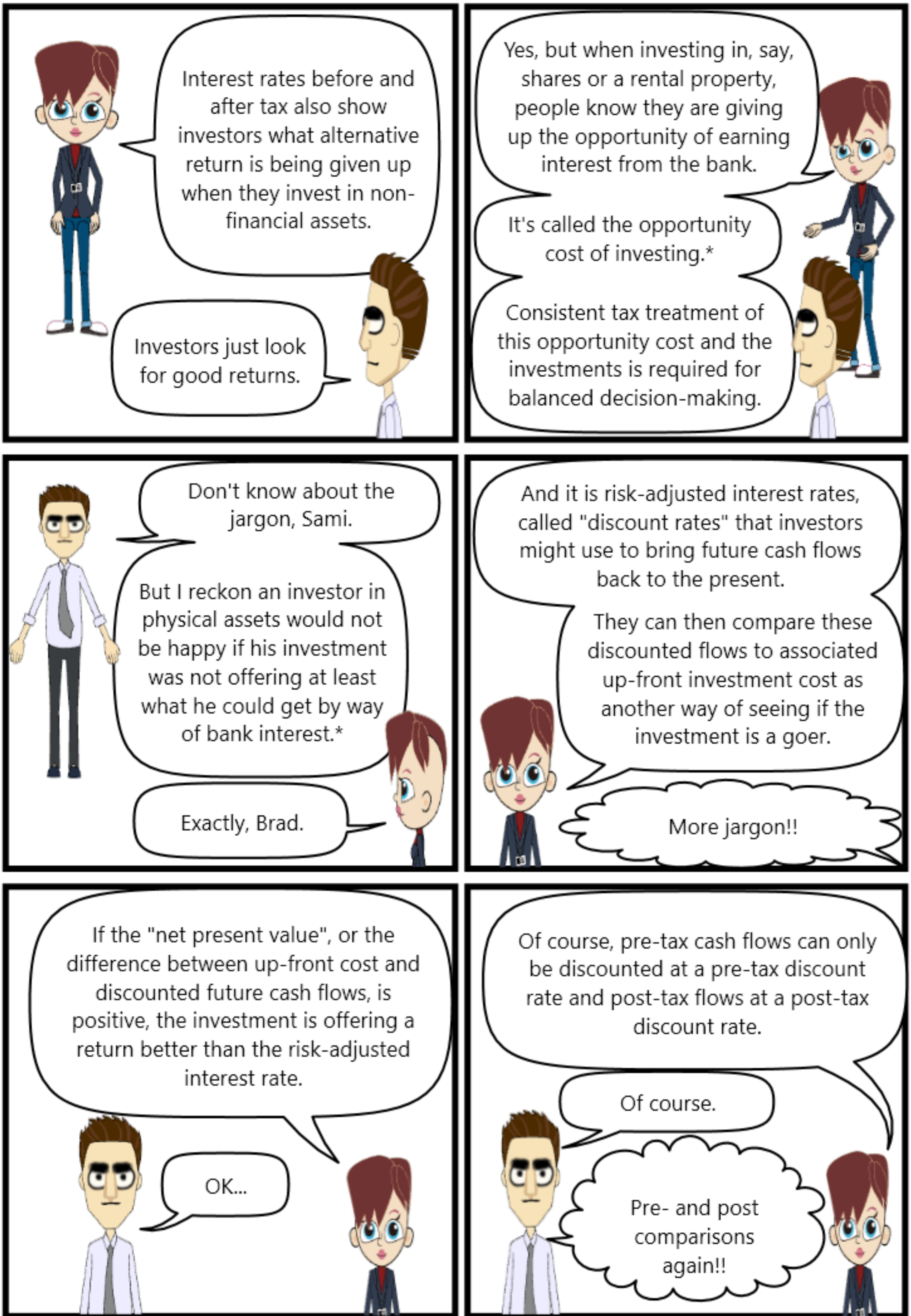
Taxing investment income with neutral impact



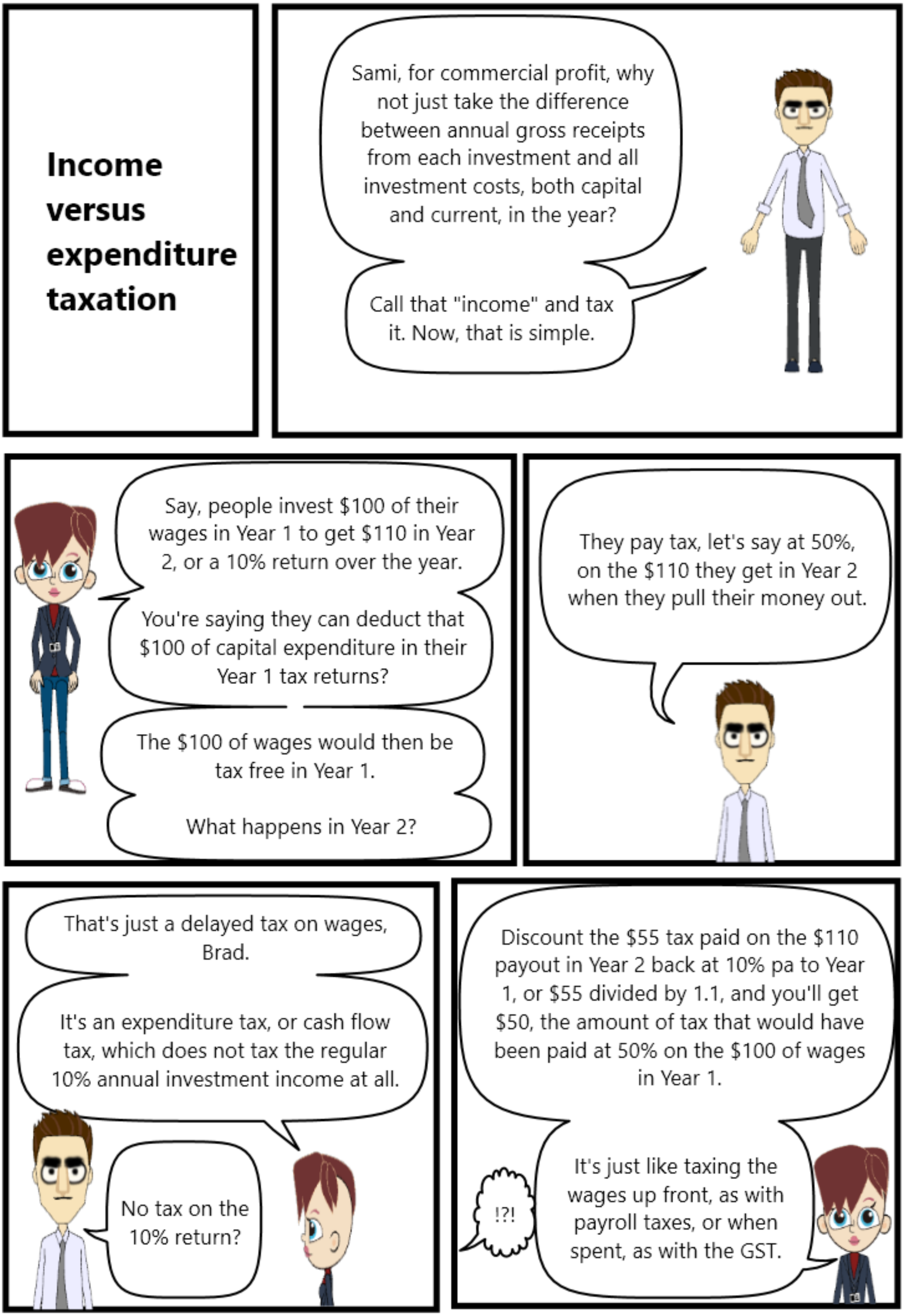

NEUTRAL INCOME TAX
Shortly put, the way to keep investment decisions unchanged by income taxation is to take the same percentage of tax from annual commercial profit across all alternative investment opportunities of each investor.
How can the same percentage tax take possibly be achieved?
The percentage is the investor's marginal tax rate.
Say, the investor's tax rate is 50%.
50% comes off the investor's interest from a bank account.
50% comes off the investor's annual return, or profit, from a rental property investment.
50% comes off the investor's annual profit from investing in farming, mining, and so on.
10% to 5% post-tax
So, for this investor, a 10% annual return, or profit, before tax across all local, similar-risk alternatives becomes 5% after tax. You can see that the investor's decisions should be little affected by the tax.
That's just saying tax assessments for a year should include that year's commercial profit from all the investments of a taxpayer.
What's wrong with that, Brad?
Gaah! That's "comprehensive" income taxation!
Not seeking to apply income tax in this way implies a modular, or differential, treatment for different categories of investment income. Let's take a break on that important note.

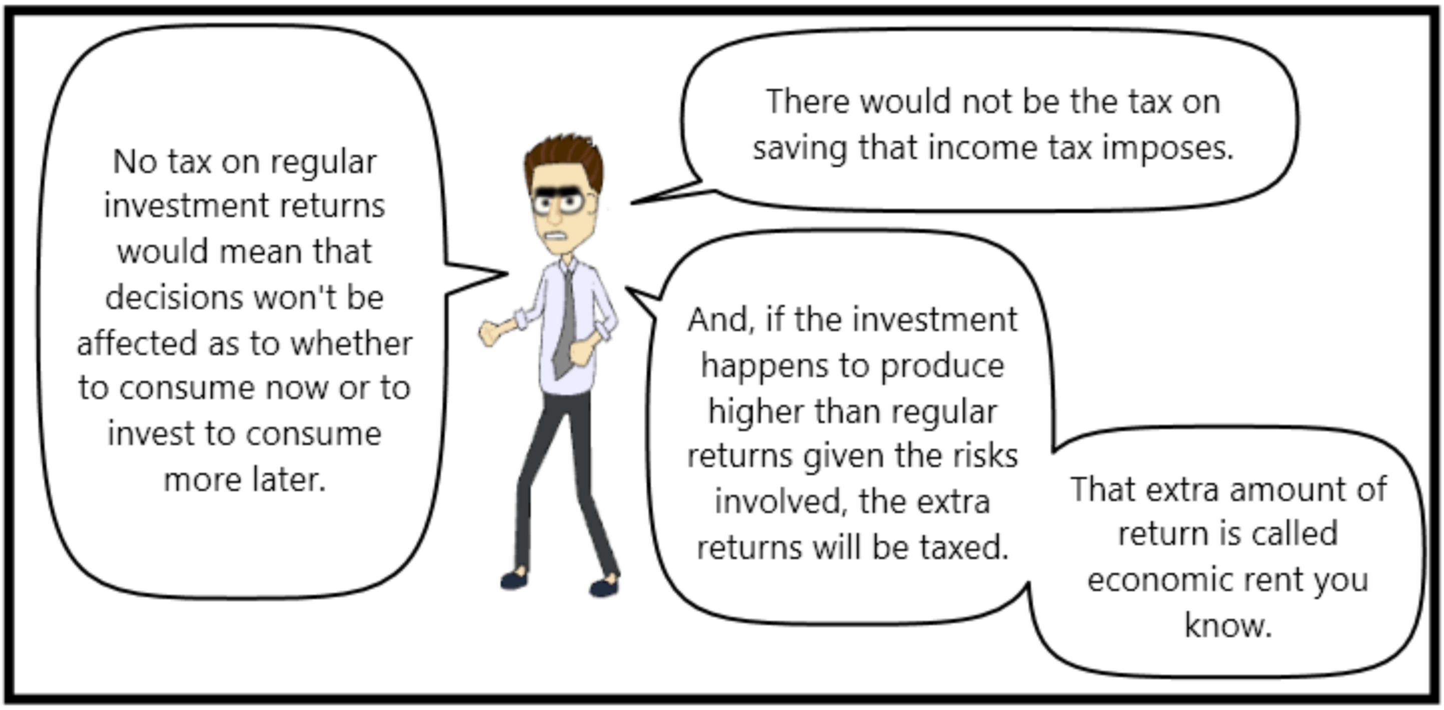
Sami and Brad use a break in the team meeting productively

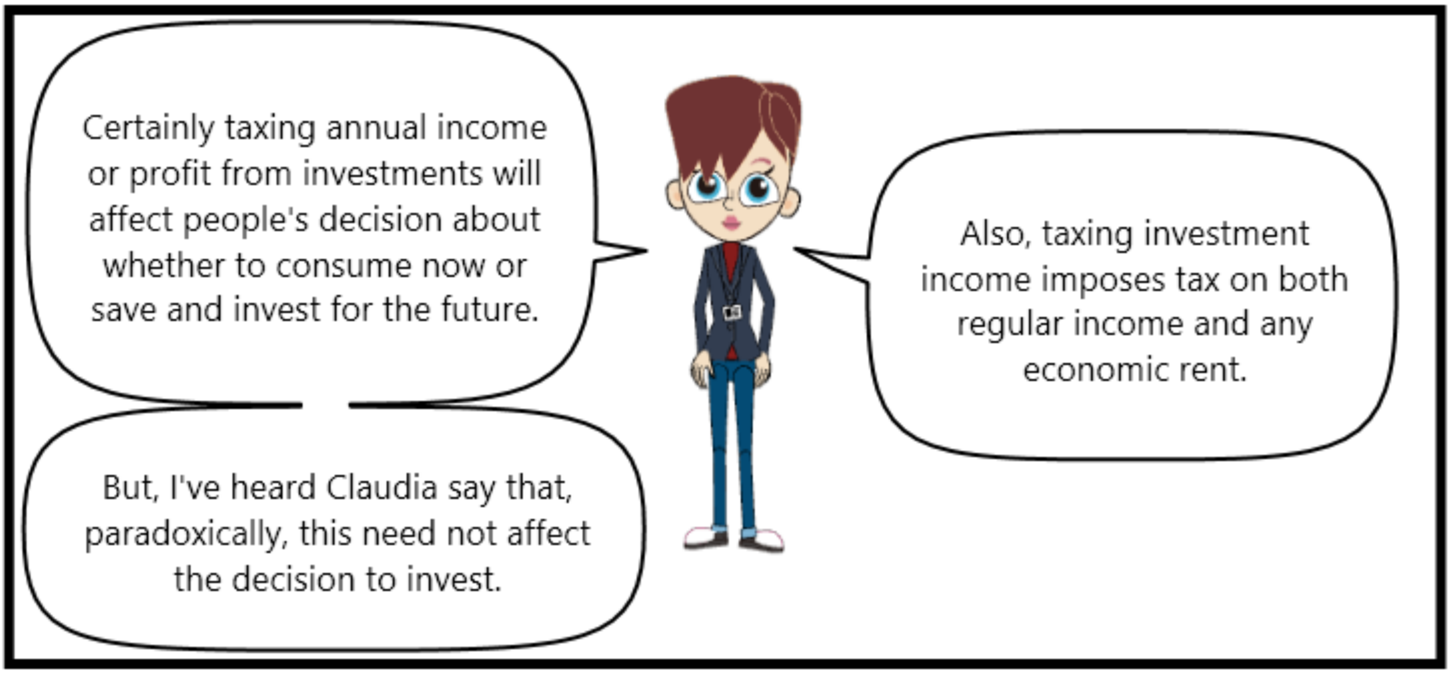


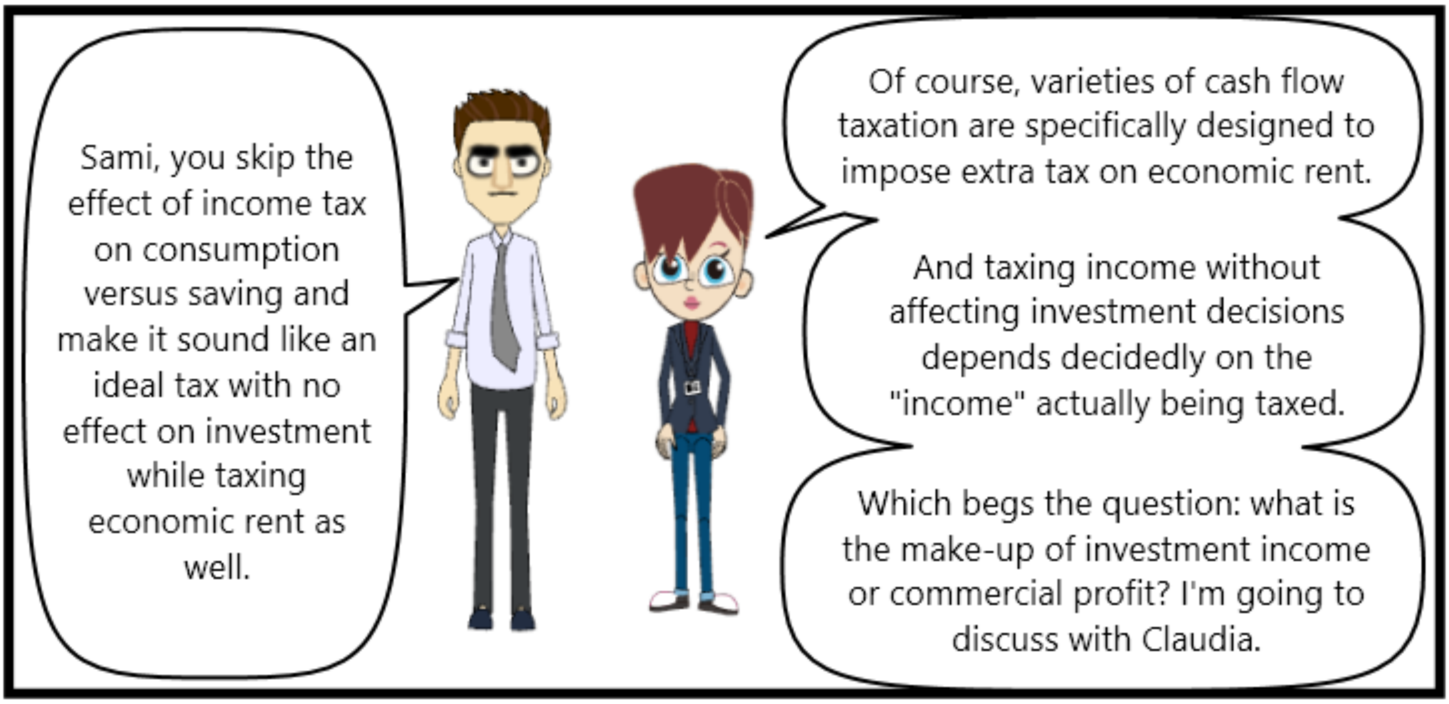


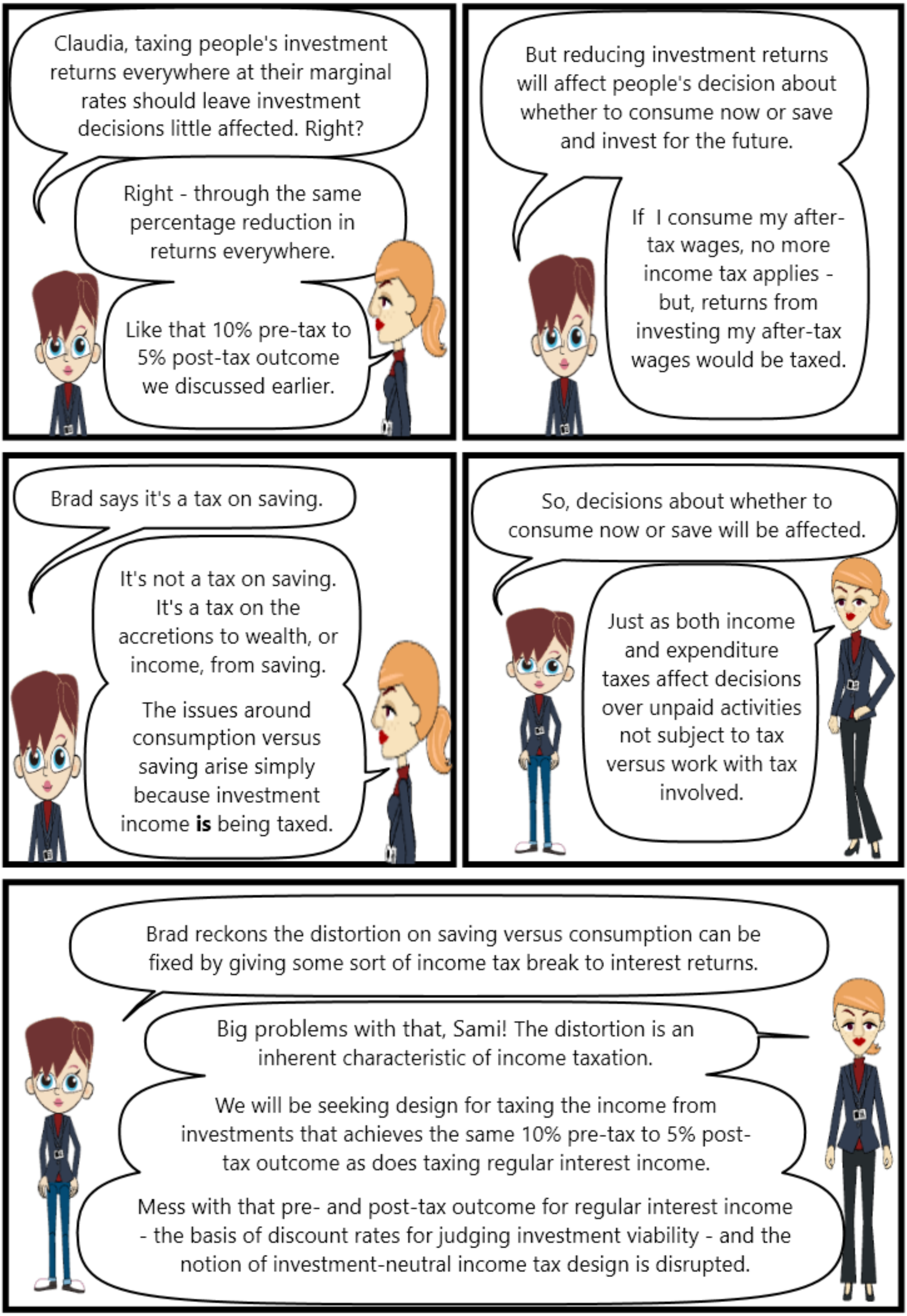
* At this margin, return% = interest% = financial cost of capital.

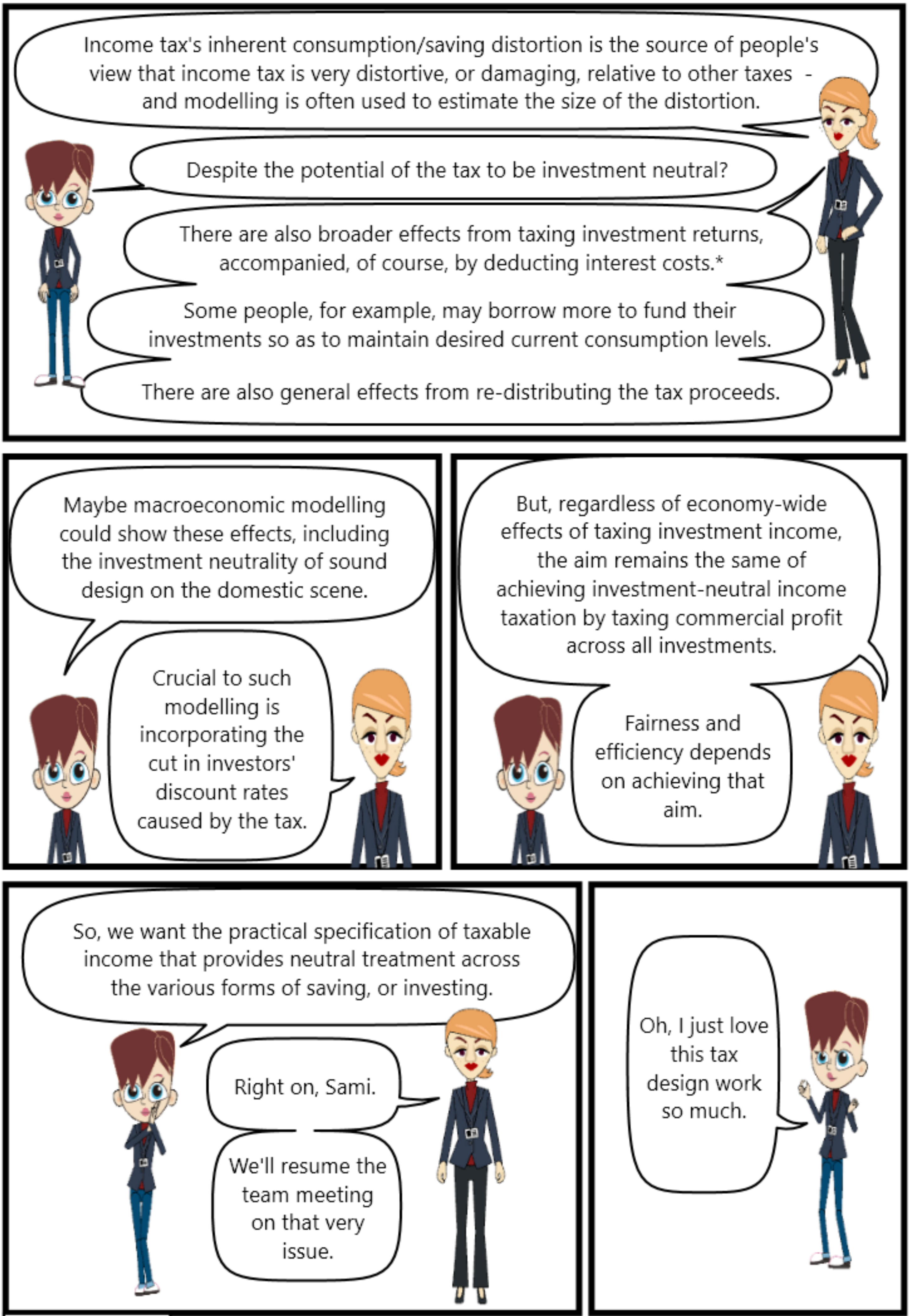

Income versus expenditure taxation
Sami, for commercial profit, why not just take the difference between annual gross receipts from each investment and all investment costs, both capital and current, in the year?
Call that "income" and tax it. Now, that is simple.
Say, people invest $100 of their wages in Year 1 to get $110 in Year 2, or a 10% return over the year.
You're saying they can deduct that $100 of capital expenditure in their Year 1 tax returns?
The $100 of wages would then be tax free in Year 1.
What happens in Year 2?
They pay tax, let's say at 50%, on the $110 they get in Year 2 when they pull their money out.
That's just a delayed tax on wages, Brad.
It's an expenditure tax, or cash flow tax, which does not tax the regular 10% annual investment income at all.
No tax on the 10% return?
Discount the $55 tax paid on the $110 payout in Year 2 back at 10% pa to Year 1, or $55 divided by 1.1, and you'll get $50, the amount of tax that would have been paid at 50% on the $100 of wages in Year 1.
!?!
It's just like taxing the wages up front, as with payroll taxes, or when spent, as with the GST.


No tax on regular investment returns would mean that decisions won't be affected as to whether to consume now or to invest to consume more later.
There would not be the tax on saving that income tax imposes.
And, if the investment happens to produce higher than regular returns given the risks involved, the extra returns will be taxed.
That extra amount of return is called economic rent you know.


Certainly taxing annual income or profit from investments will affect people's decision about whether to consume now or save and invest for the future.
But, I've heard Claudia say that, paradoxically, this need not affect the decision to invest.
Also, taxing investment income imposes tax on both regular income and any economic rent.

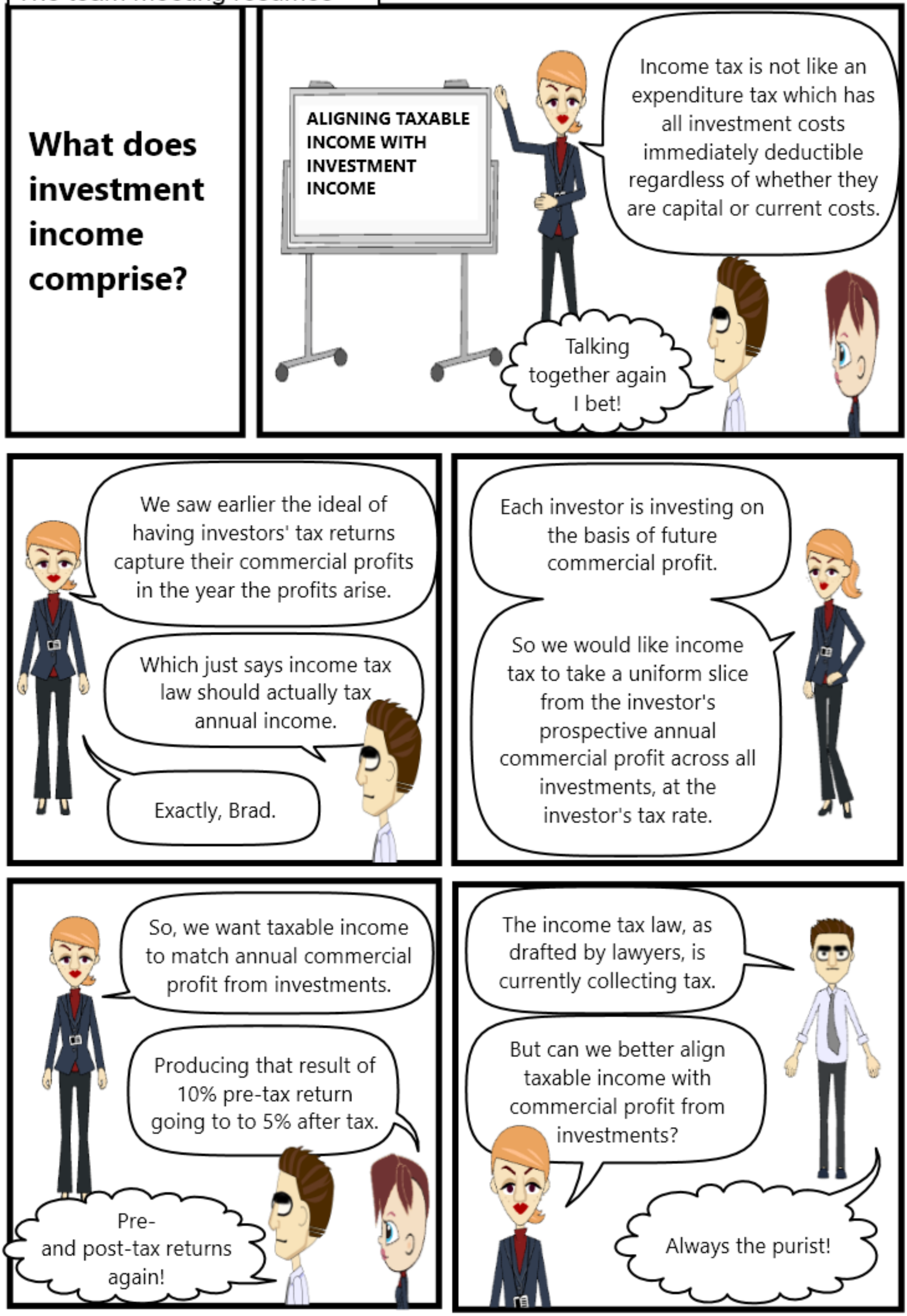

Sami, you skip the effect of income tax on consumption versus saving and make it sound like an ideal tax with no effect on investment while taxing economic rent as well.
Of course, varieties of cash flow taxation are specifically designed to impose extra tax on economic rent.
And taxing income without affecting investment decisions depends decidedly on the "income" actually being taxed.
Which begs the question: what is the make-up of investment income or commercial profit? I'm going to discuss with Claudia.

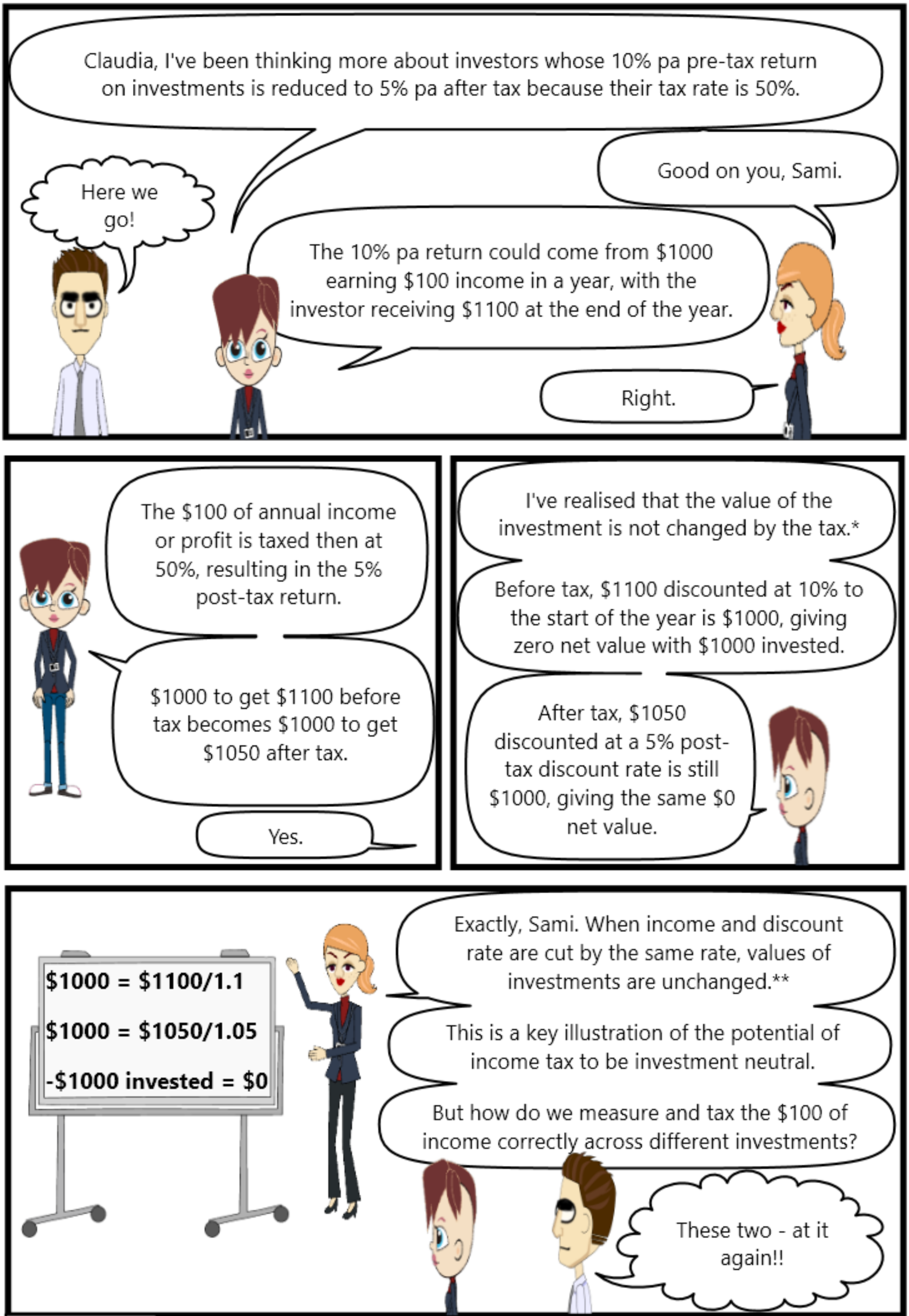

Claudia, taxing people's investment returns everywhere at their marginal rates should leave investment decisions little affected. Right?
Right - through the same percentage reduction in returns everywhere.
Like that 10% pre-tax to 5% post-tax outcome we discussed earlier.
But reducing investment returns will affect people's decision about whether to consume now or save and invest for the future.
If I consume my after-tax wages, no more income tax applies - but, returns from investing my after-tax wages would be taxed.
Brad says it's a tax on saving.
It's not a tax on saving. It's a tax on the accretions to wealth, or income, from saving.
The issues around consumption versus saving arise simply because investment income **is** being taxed.
So, decisions about whether to consume now or save will be affected.
Just as both income and expenditure taxes affect decisions over unpaid activities not subject to tax versus work with tax involved.
Brad reckons the distortion on saving versus consumption can be fixed by giving some sort of income tax break to interest returns.
Big problems with that, Sami! The distortion is an inherent characteristic of income taxation.
We will be seeking design for taxing the income from investments that achieves the same 10% pre-tax to 5% post-tax outcome as does taxing regular interest income.
Mess with that pre- and post-tax outcome for regular interest income - the basis of discount rates for judging investment viability - and the notion of investment-neutral income tax design is disrupted.



* Swan (1976), p 173.

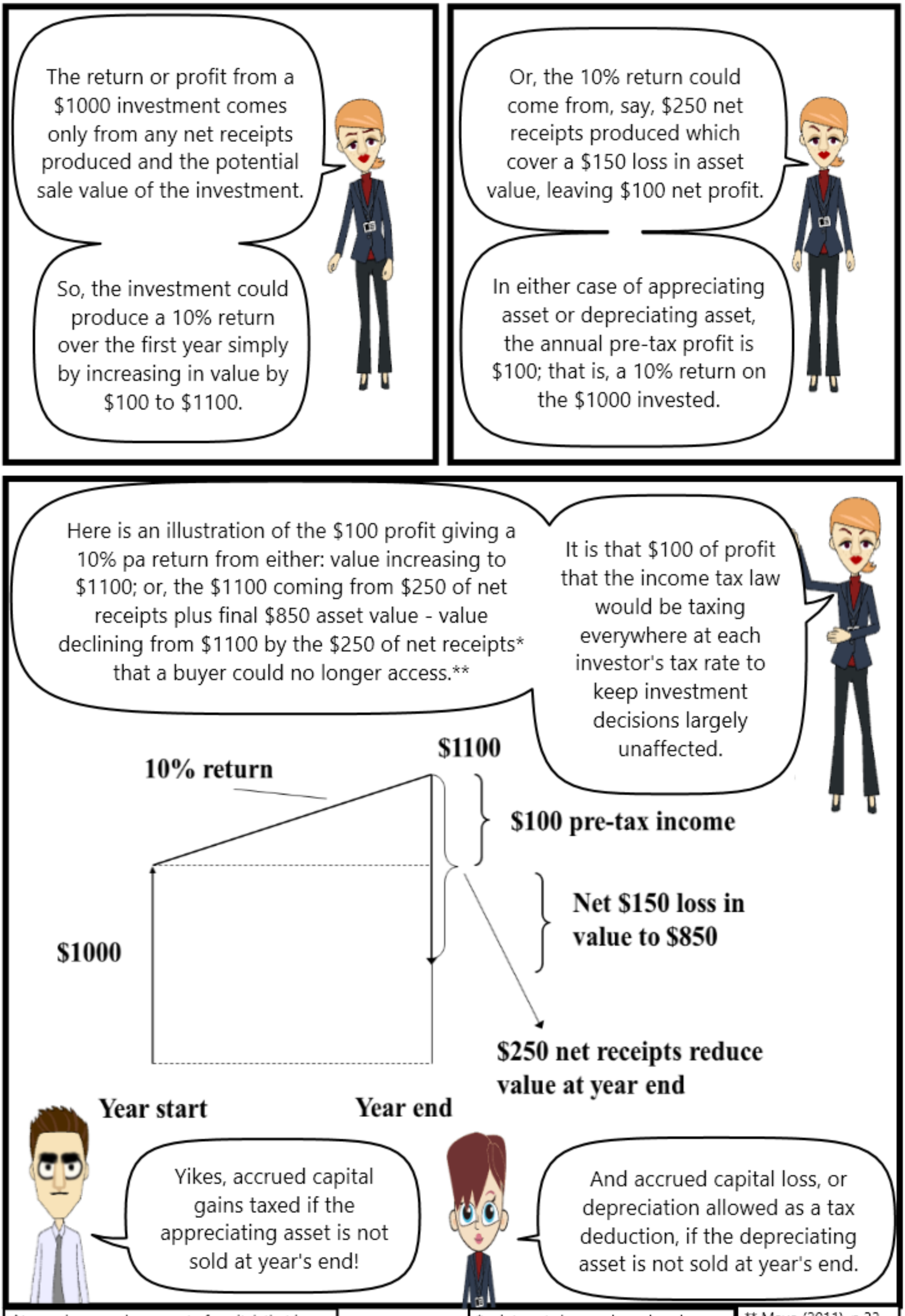
The team meeting resumes





* Samuelson (1964).

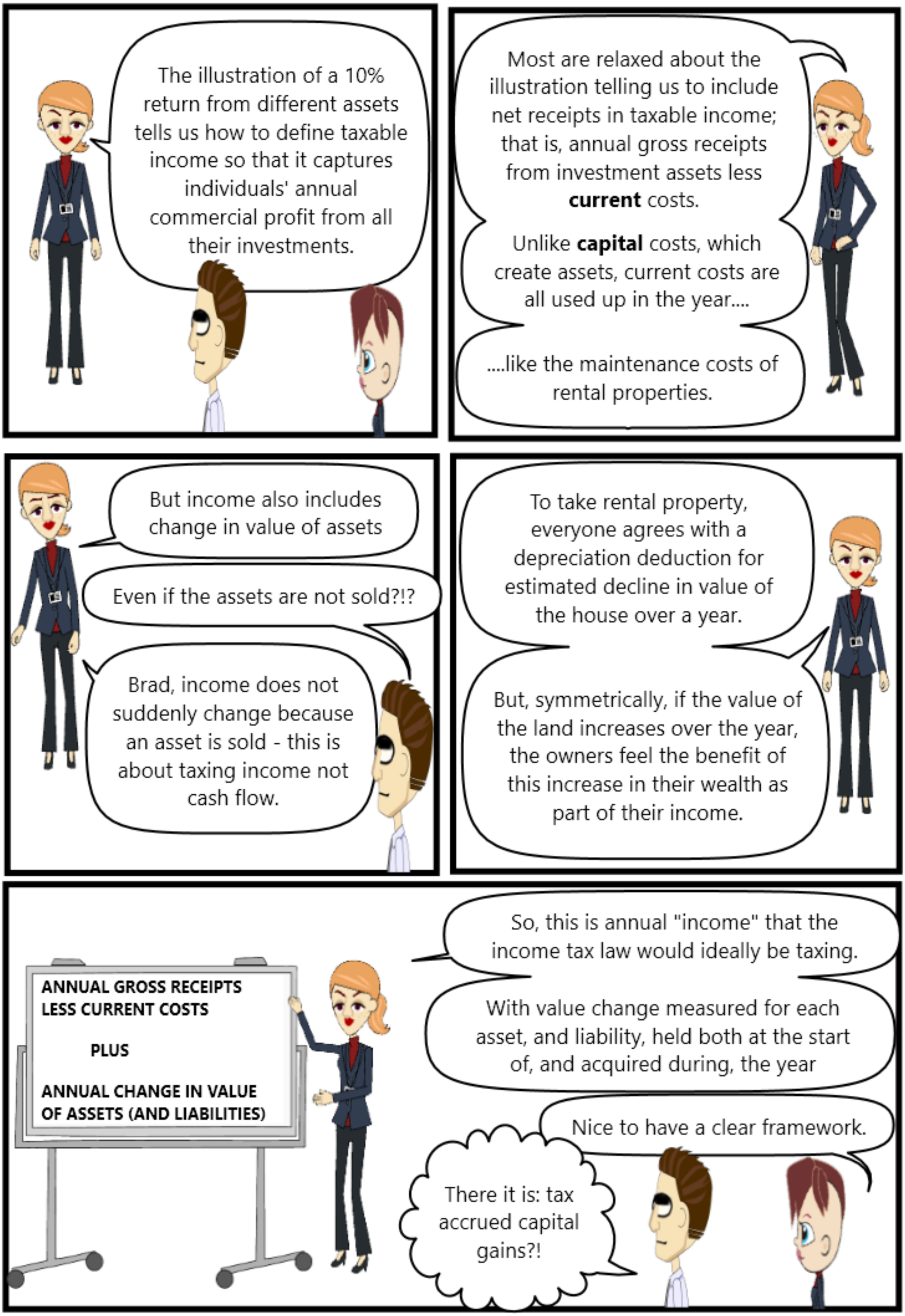
** Swan (1976), p 172.



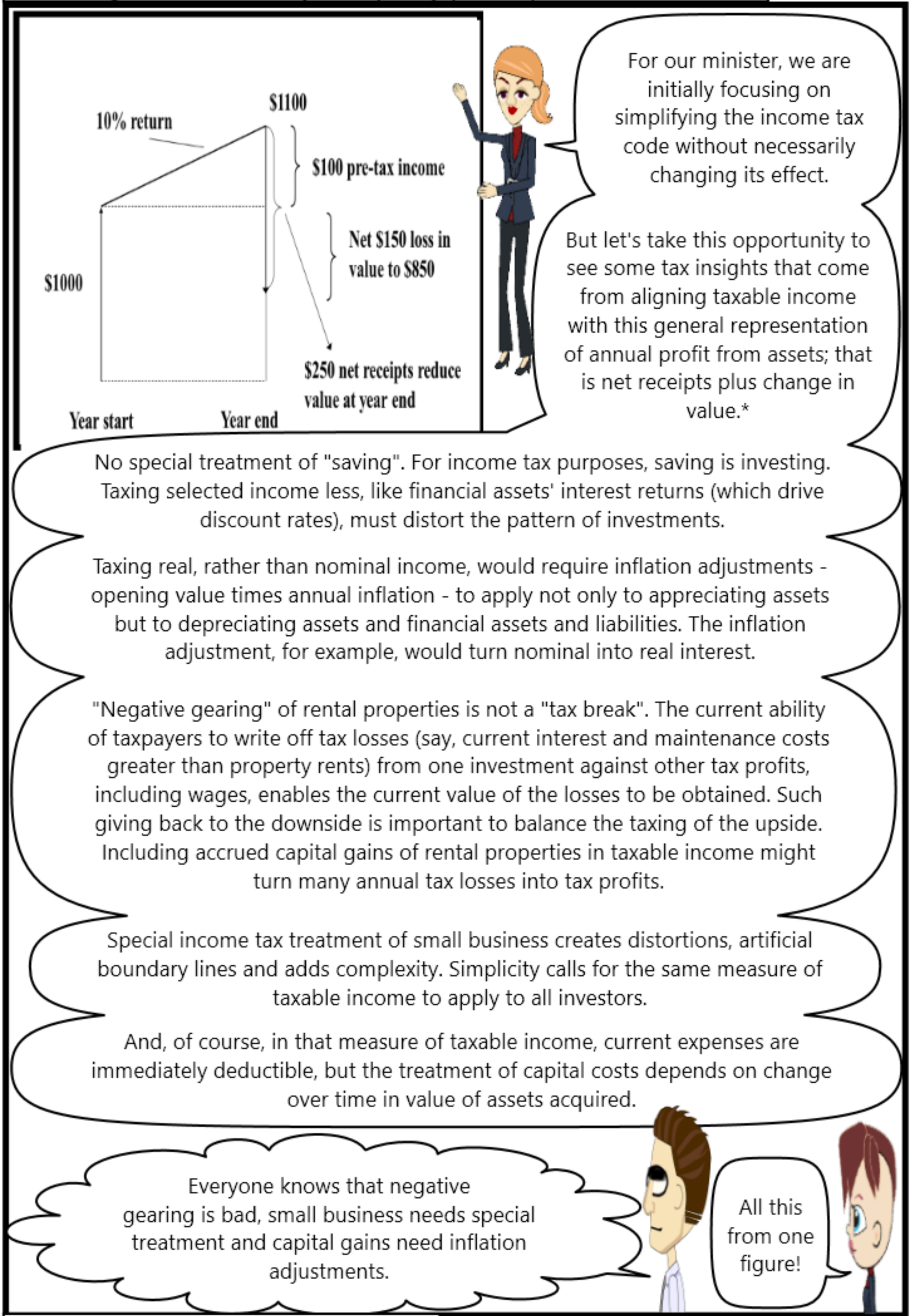
At margin, annual user cost of capital; that is.....

* ....interest charge plus value change.

** Mayo (2011), p 33.

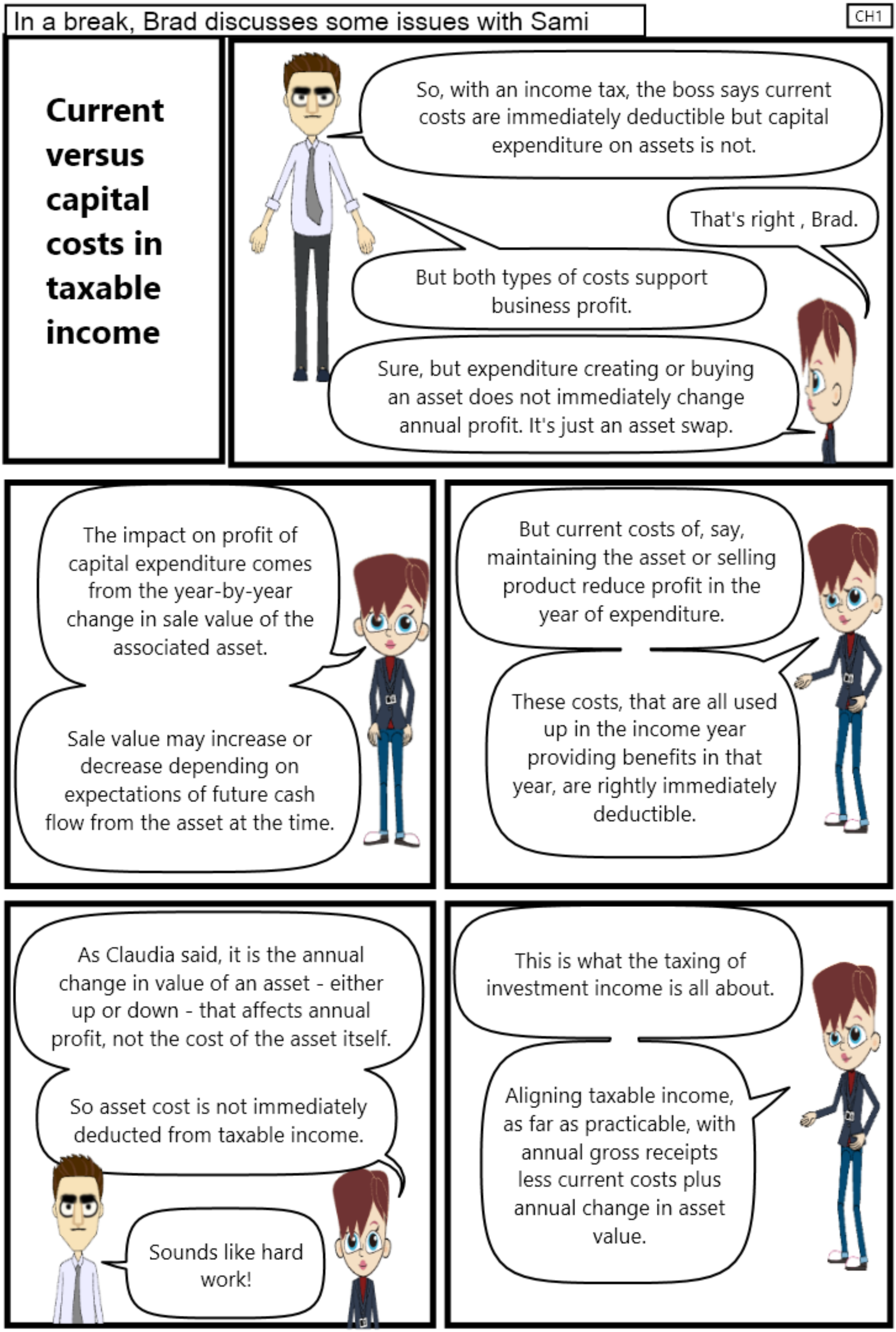

The illustration of a 10% return from different assets tells us how to define taxable income so that it captures individuals' annual commercial profit from all their investments.
Most are relaxed about the illustration telling us to include net receipts in taxable income; that is, annual gross receipts from investment assets less **current** costs.
Unlike **capital** costs, which create assets, current costs are all used up in the year....
....like the maintenance costs of rental properties.
But income also includes change in value of assets
Even if the assets are not sold?!?
Brad, income does not suddenly change because an asset is sold - this is about taxing income not cash flow.
To take rental property, everyone agrees with a depreciation deduction for estimated decline in value of the house over a year.
But, symmetrically, if the value of the land increases over the year, the owners feel the benefit of this increase in their wealth as part of their income.
ANNUAL GROSS RECEIPTS LESS CURRENT COSTS
PLUS
ANNUAL CHANGE IN VALUE OF ASSETS (AND LIABILITIES)
So, this is annual "income" that the income tax law would ideally be taxing.
With value change measured for each asset, and liability, held both at the start of, and acquired during, the year
Nice to have a clear framework.
There it is: tax accrued capital gains?!

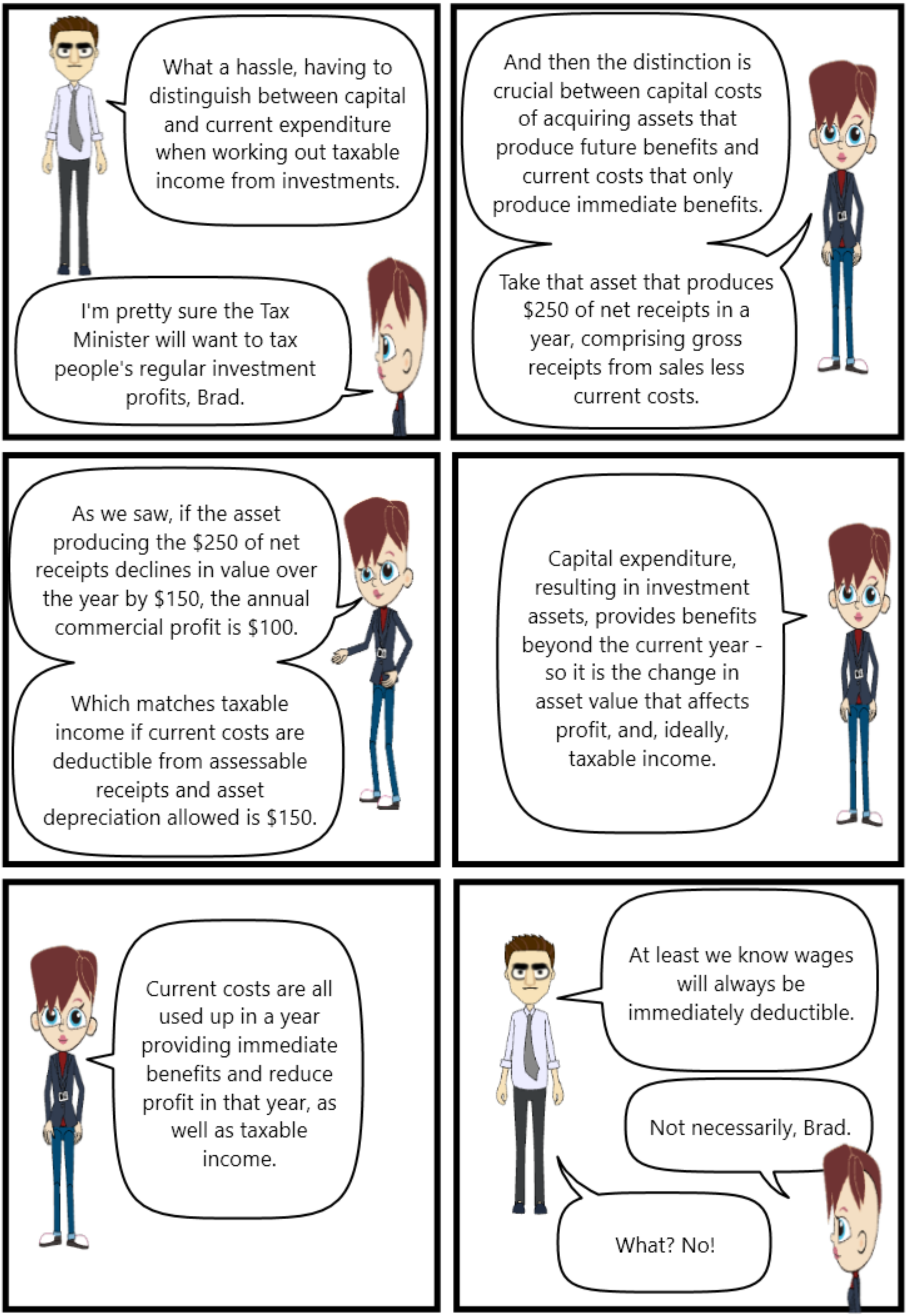
Claudia gets carried away with policy prescriptions........

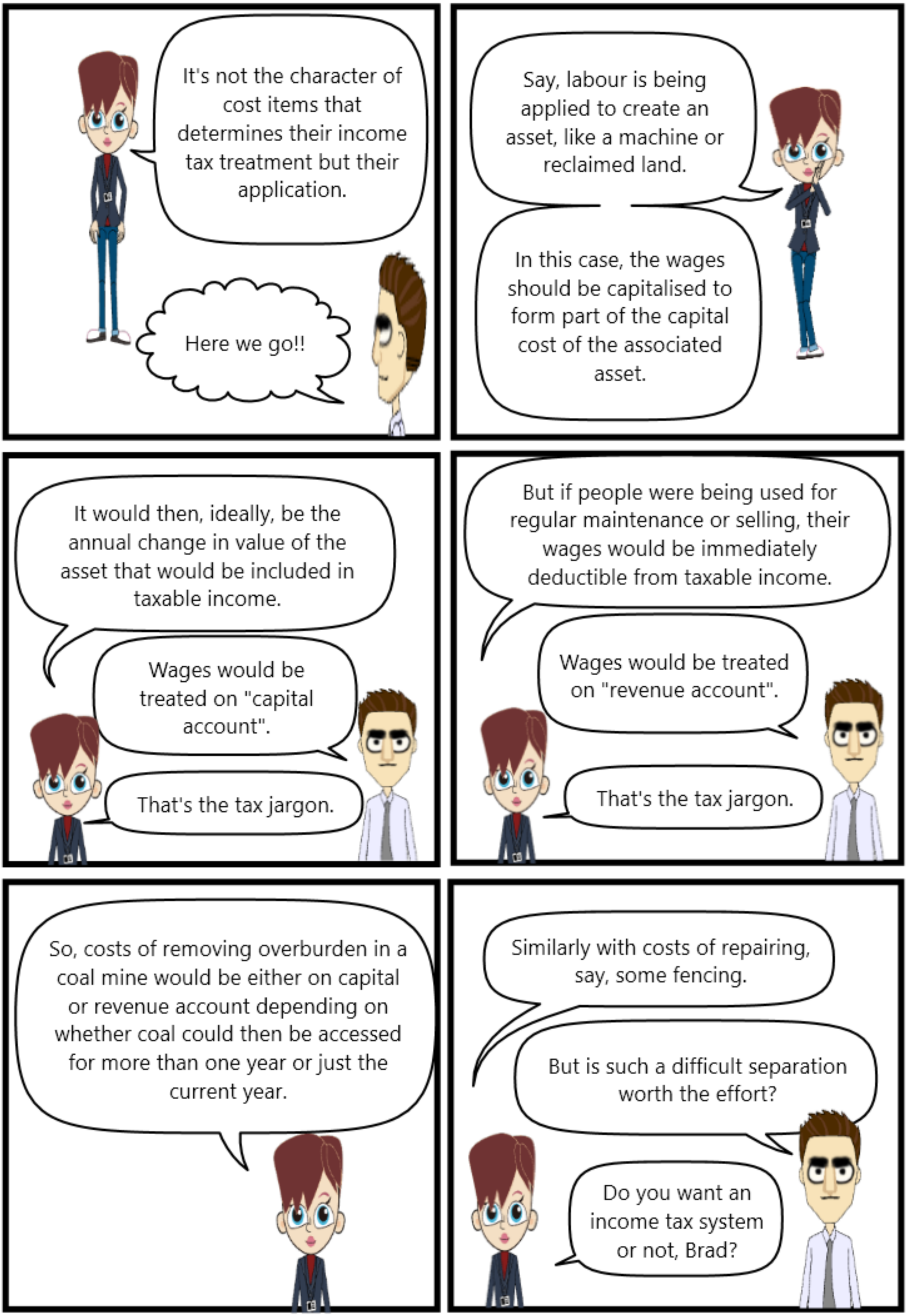


* For marginal investments, the 10% = financial cost of capital..

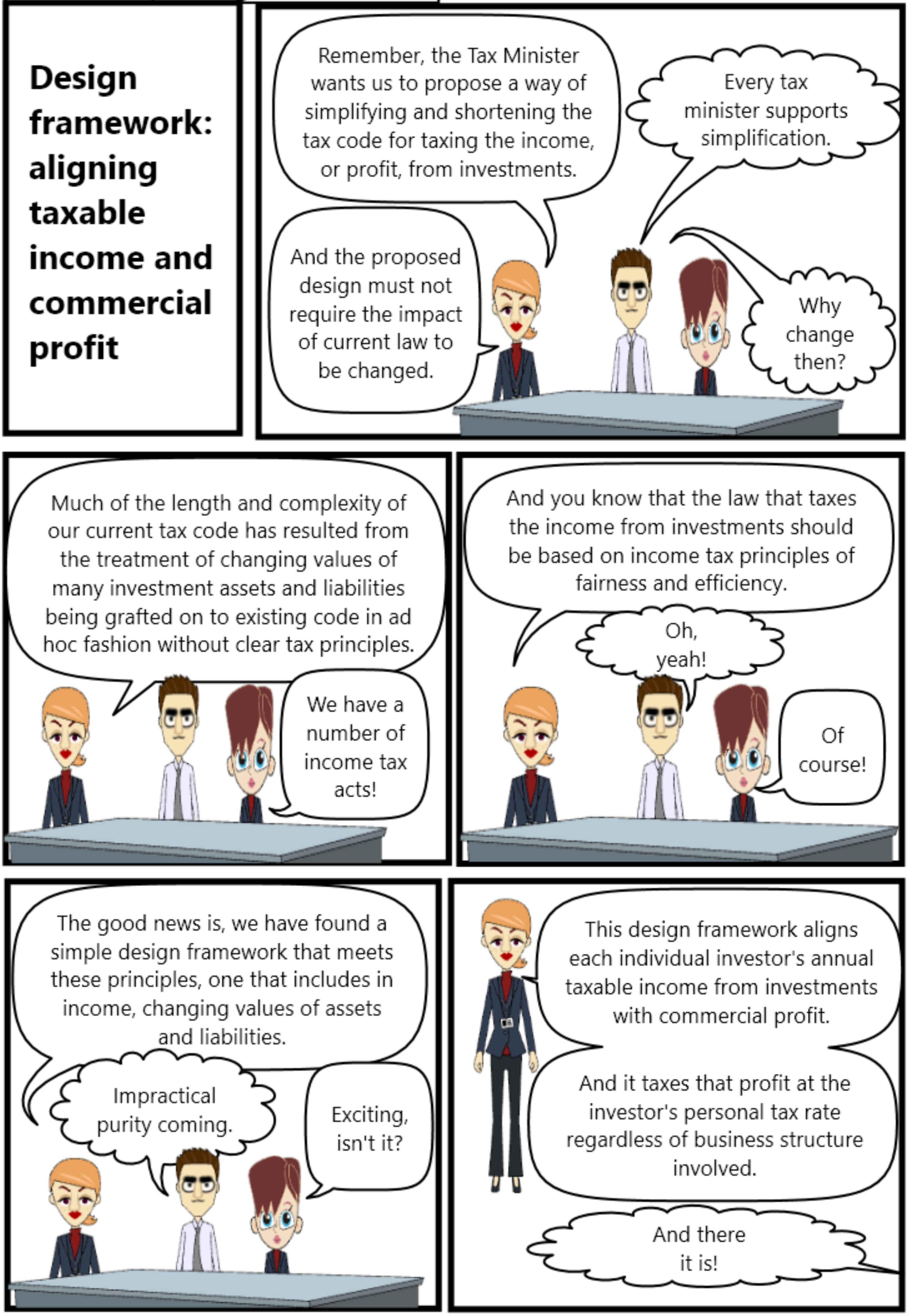
* ..and, the $250 = annual user cost of capital.

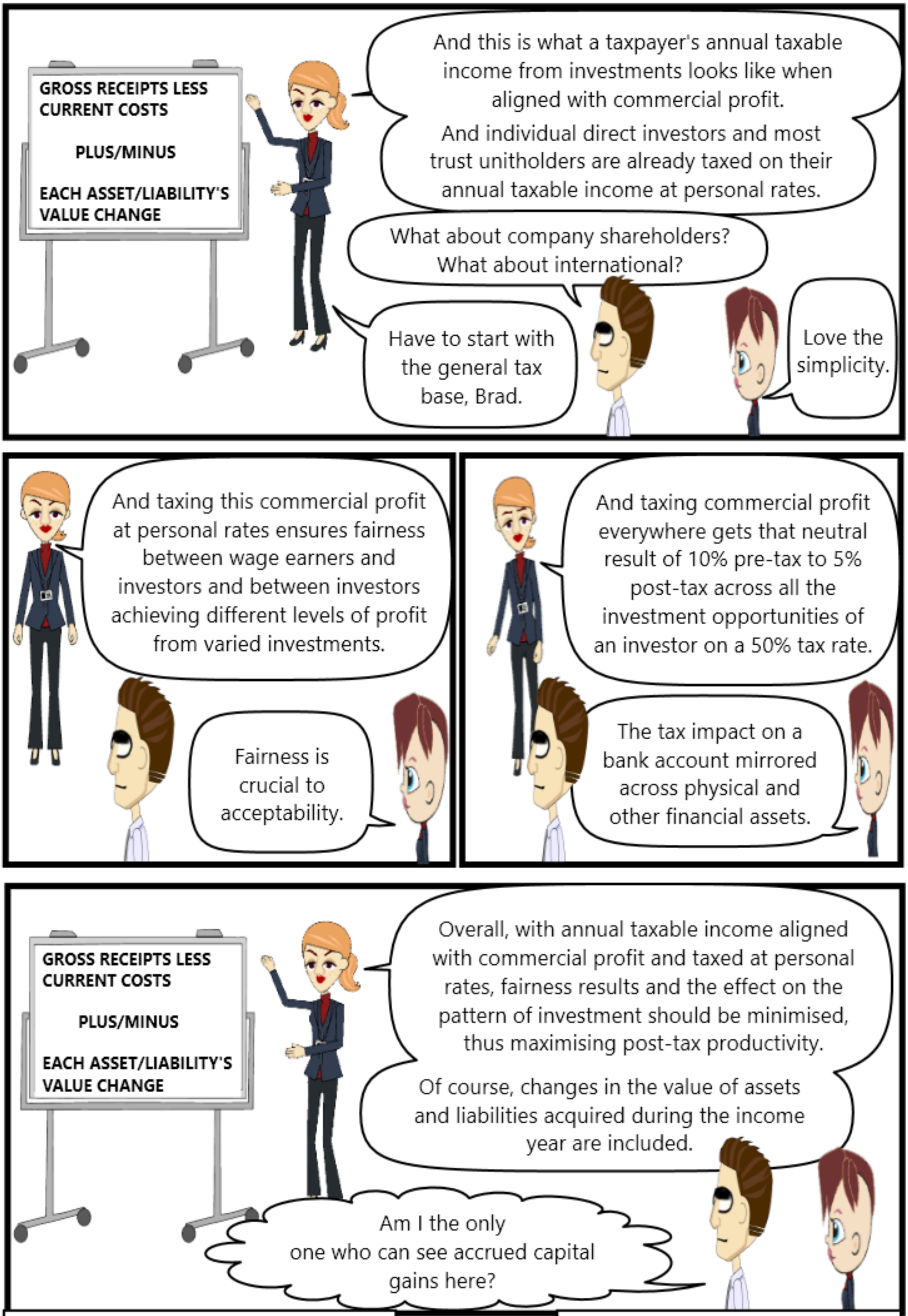

In a break, Brad discusses some issues with Sami
CH1
Current versus capital costs in taxable income
So, with an income tax, the boss says current costs are immediately deductible but capital expenditure on assets is not.
That's right , Brad.
But both types of costs support business profit.
Sure, but expenditure creating or buying an asset does not immediately change annual profit. It's just an asset swap.
The impact on profit of capital expenditure comes from the year-by-year change in sale value of the associated asset.
Sale value may increase or decrease depending on expectations of future cash flow from the asset at the time.
But current costs of, say, maintaining the asset or selling product reduce profit in the year of expenditure.
These costs, that are all used up in the income year providing benefits in that year, are rightly immediately deductible.
As Claudia said, it is the annual change in value of an asset - either up or down - that affects annual profit, not the cost of the asset itself.
So asset cost is not immediately deducted from taxable income.
Sounds like hard work!
This is what the taxing of investment income is all about.
Aligning taxable income, as far as practicable, with annual gross receipts less current costs plus annual change in asset value.


What a hassle, having to distinguish between capital and current expenditure when working out taxable income from investments.
I'm pretty sure the Tax Minister will want to tax people's regular investment profits, Brad.
And then the distinction is crucial between capital costs of acquiring assets that produce future benefits and current costs that only produce immediate benefits.
Take that asset that produces $250 of net receipts in a year, comprising gross receipts from sales less current costs.
As we saw, if the asset producing the $250 of net receipts declines in value over the year by $150, the annual commercial profit is $100.
Which matches taxable income if current costs are deductible from assessable receipts and asset depreciation allowed is $150.
Capital expenditure, resulting in investment assets, provides benefits beyond the current year - so it is the change in asset value that affects profit, and, ideally, taxable income.
Current costs are all used up in a year providing immediate benefits and reduce profit in that year, as well as taxable income.
At least we know wages will always be immediately deductible.
Not necessarily, Brad.
What? No!


It's not the character of cost items that determines their income tax treatment but their application.
Here we go!!
Say, labour is being applied to create an asset, like a machine or reclaimed land.
In this case, the wages should be capitalised to form part of the capital cost of the associated asset.
It would then, ideally, be the annual change in value of the asset that would be included in taxable income.
Wages would be treated on "capital account".
That's the tax jargon.
But if people were being used for regular maintenance or selling, their wages would be immediately deductible from taxable income.
Wages would be treated on "revenue account".
That's the tax jargon.
So, costs of removing overburden in a coal mine would be either on capital or revenue account depending on whether coal could then be accessed for more than one year or just the current year.
Similarly with costs of repairing, say, some fencing.
But is such a difficult separation worth the effort?
Do you want an income tax system or not, Brad?

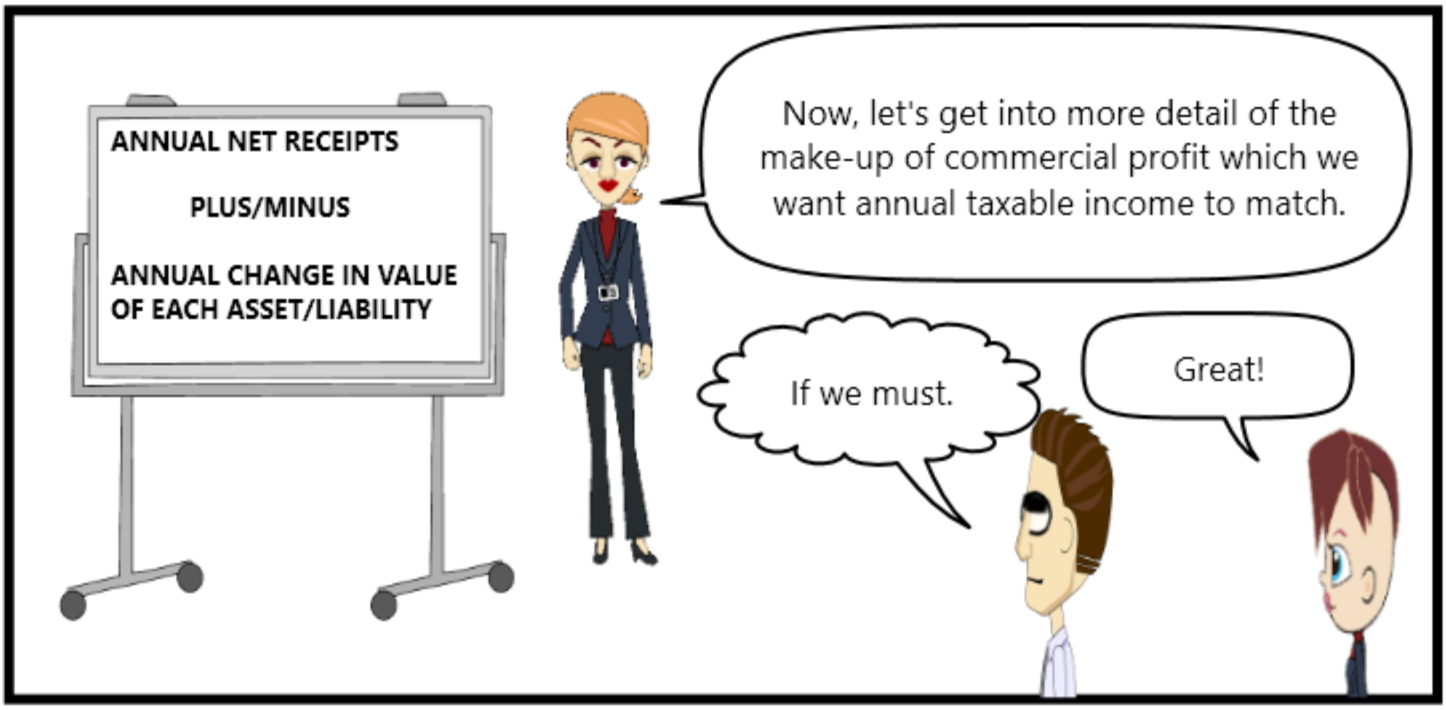
The team's planning continues.....

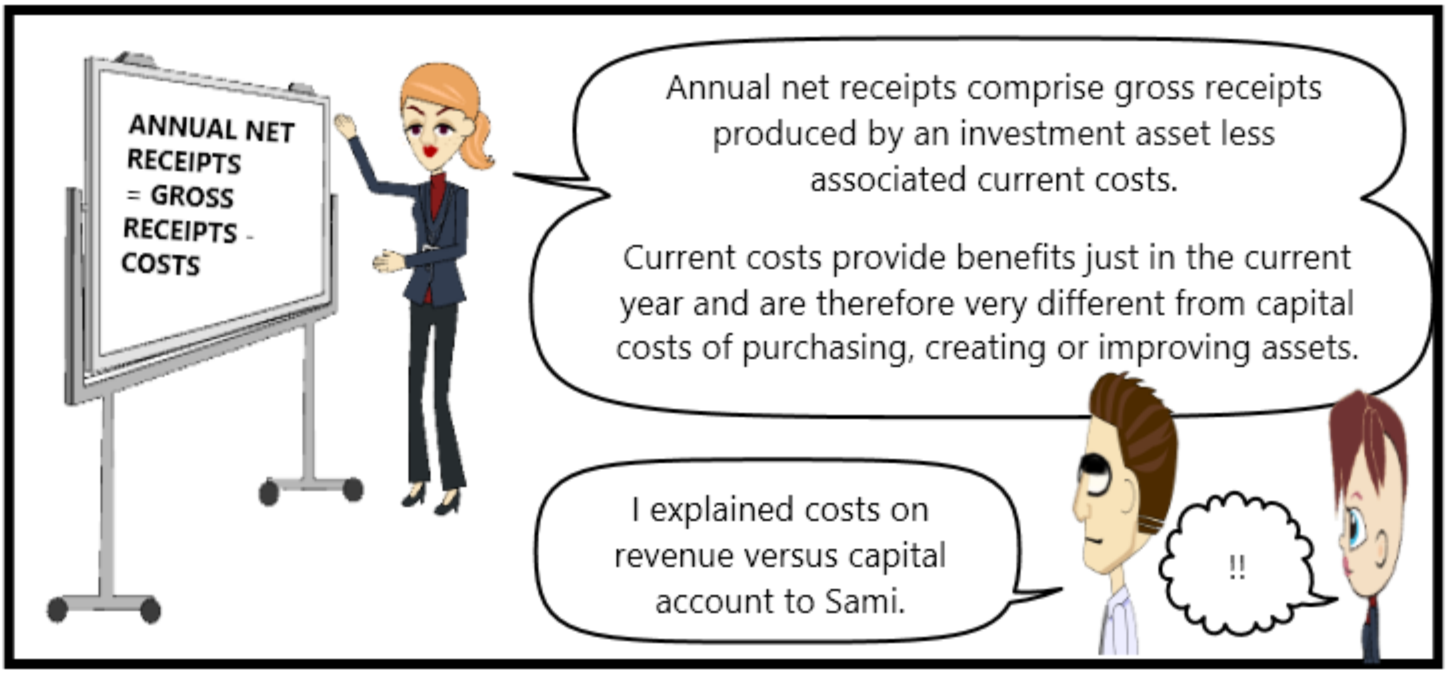


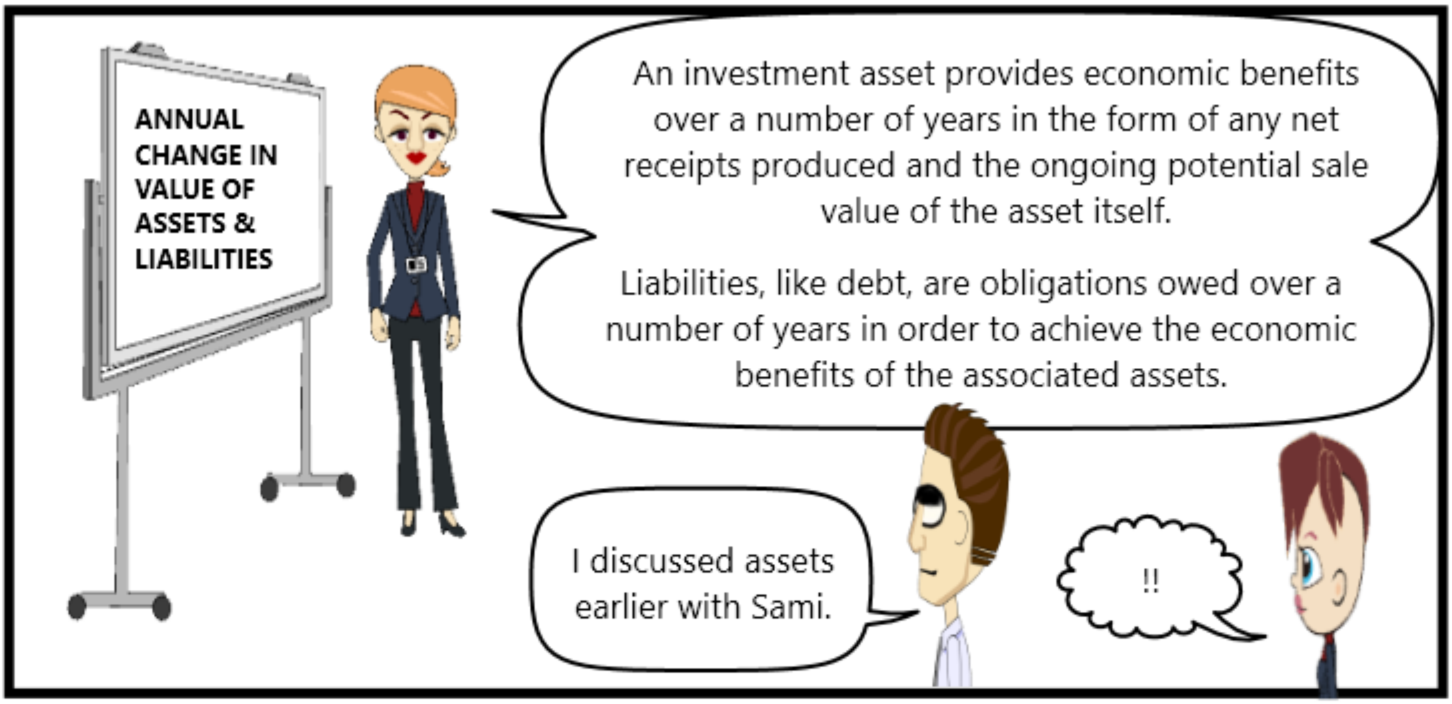


* At the margin, return = net receipts + value change.

* At the margin, return = financial cost of capital.


ANNUAL NET RECEIPTS
PLUS/MINUS
ANNUAL CHANGE IN VALUE OF EACH ASSET/LIABILITY
Now, let's get into more detail of the make-up of commercial profit which we want annual taxable income to match.
If we must.
Great!


ANNUAL NET RECEIPTS = GROSS RECEIPTS - COSTS
Annual net receipts comprise gross receipts produced by an investment asset less associated current costs.
Current costs provide benefits just in the current year and are therefore very different from capital costs of purchasing, creating or improving assets.
I explained costs on revenue versus capital account to Sami.
!!


ANNUAL CHANGE IN VALUE OF ASSETS & LIABILITIES
An investment asset provides economic benefits over a number of years in the form of any net receipts produced and the ongoing potential sale value of the asset itself.
Liabilities, like debt, are obligations owed over a number of years in order to achieve the economic benefits of the associated assets.
I discussed assets earlier with Sami.
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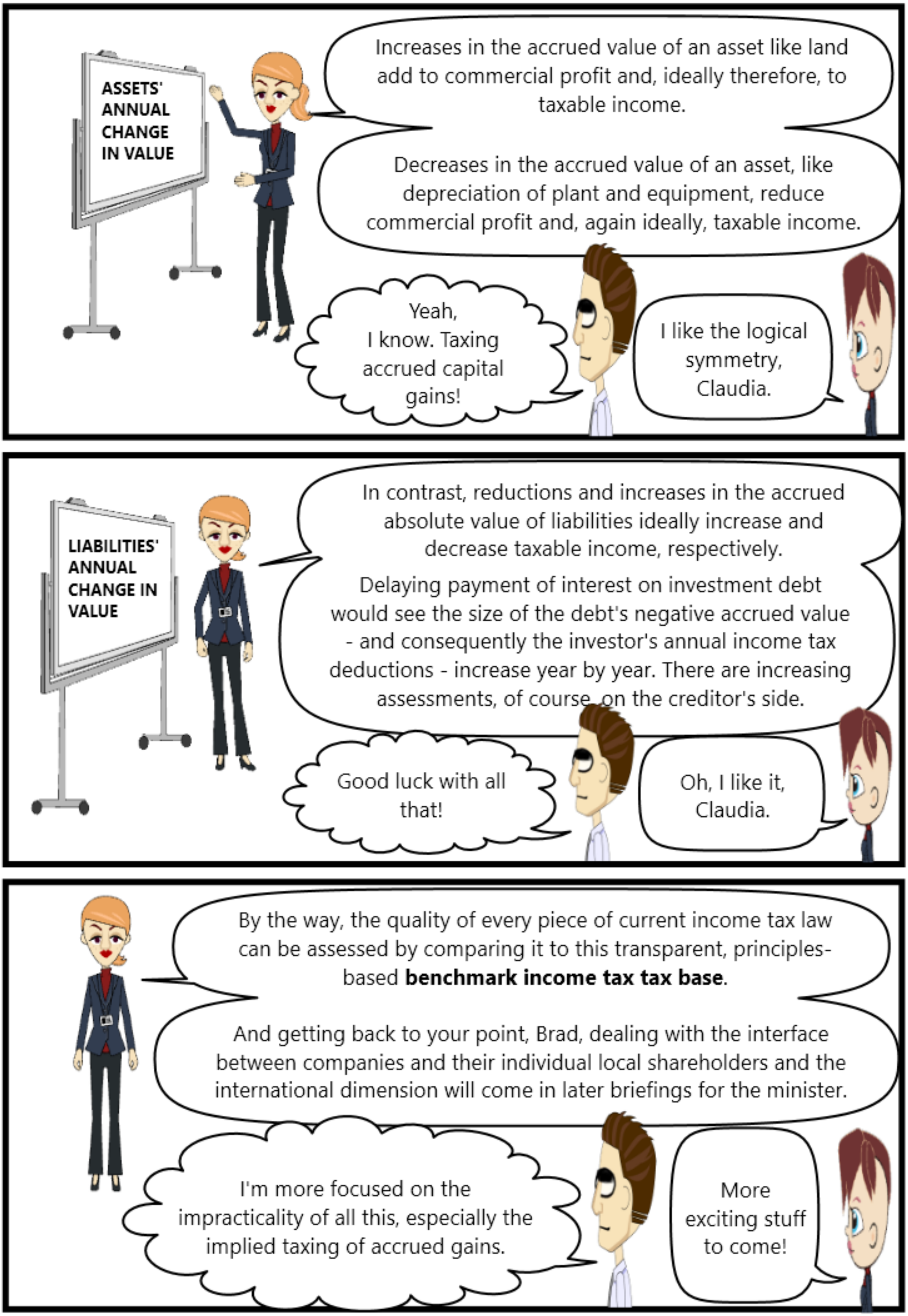
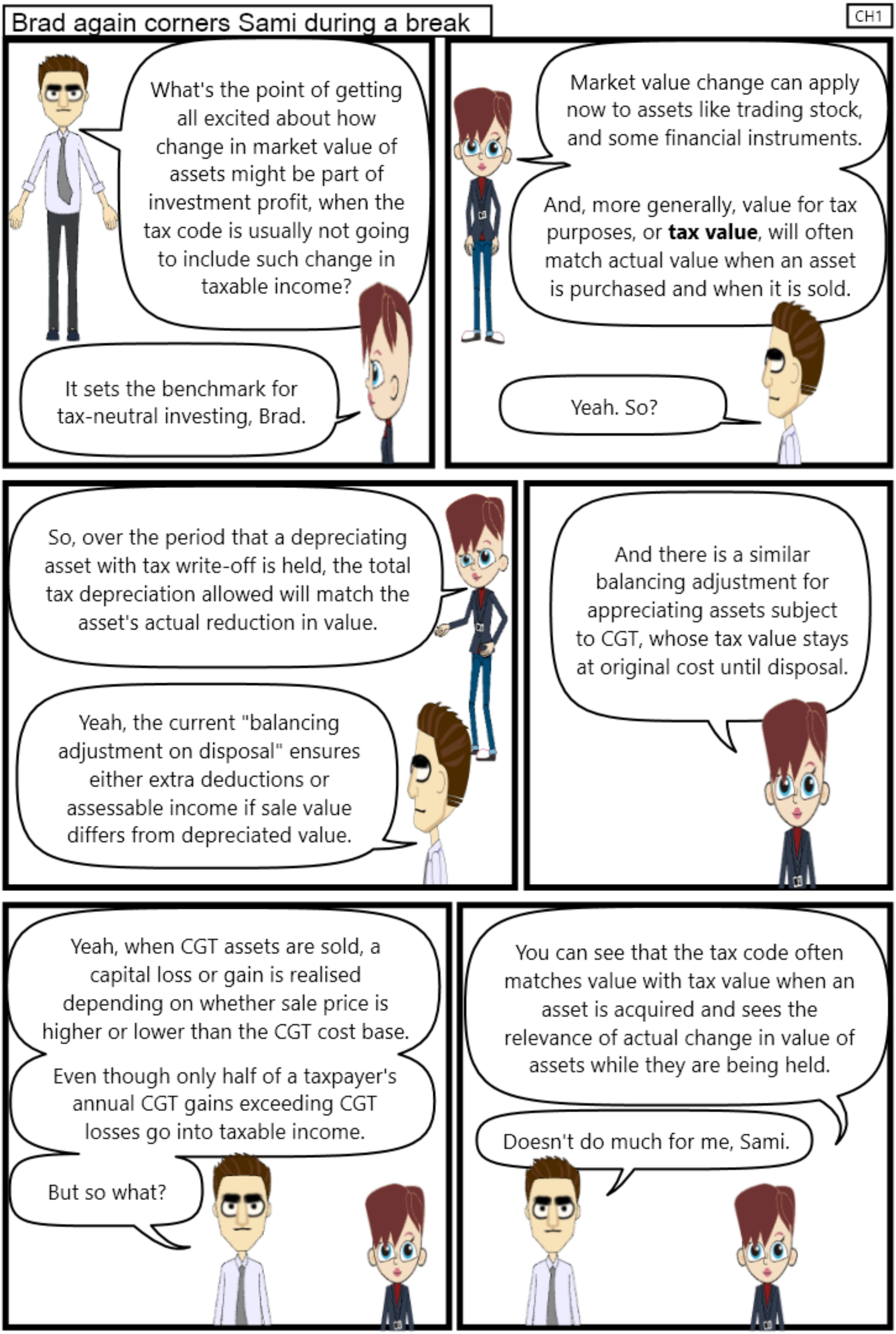
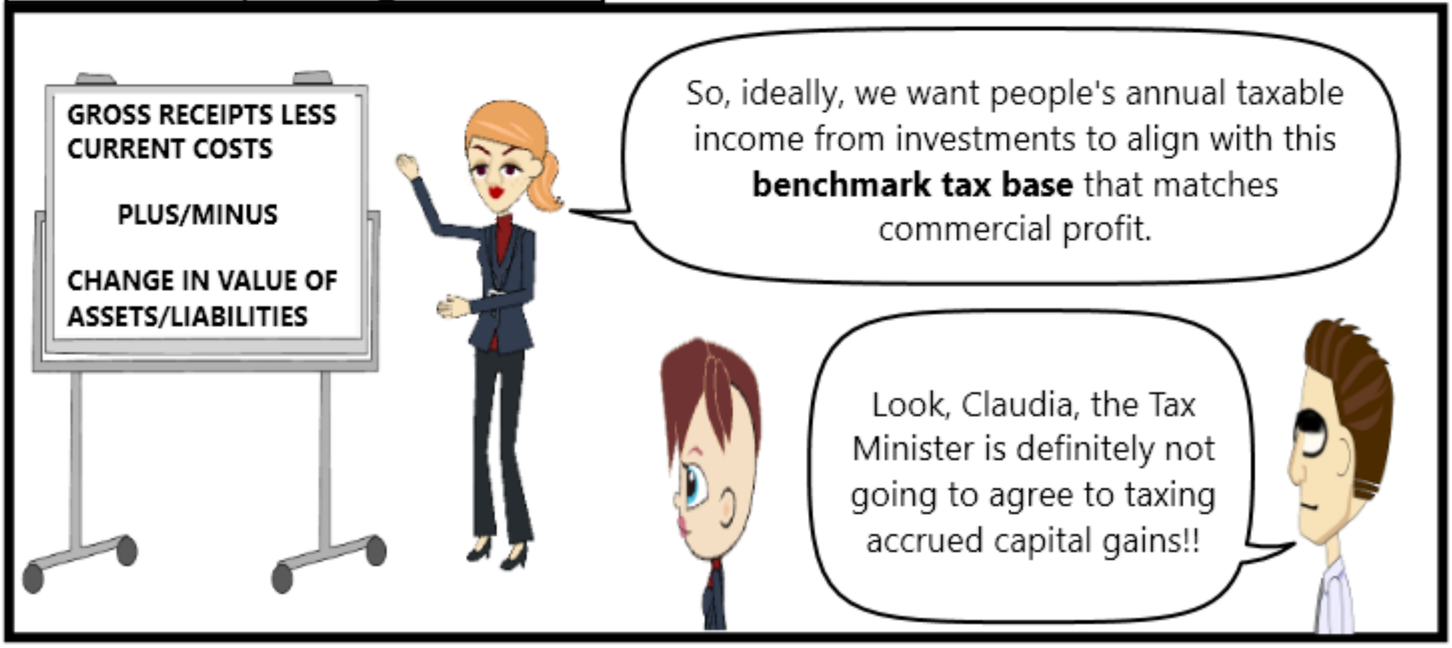
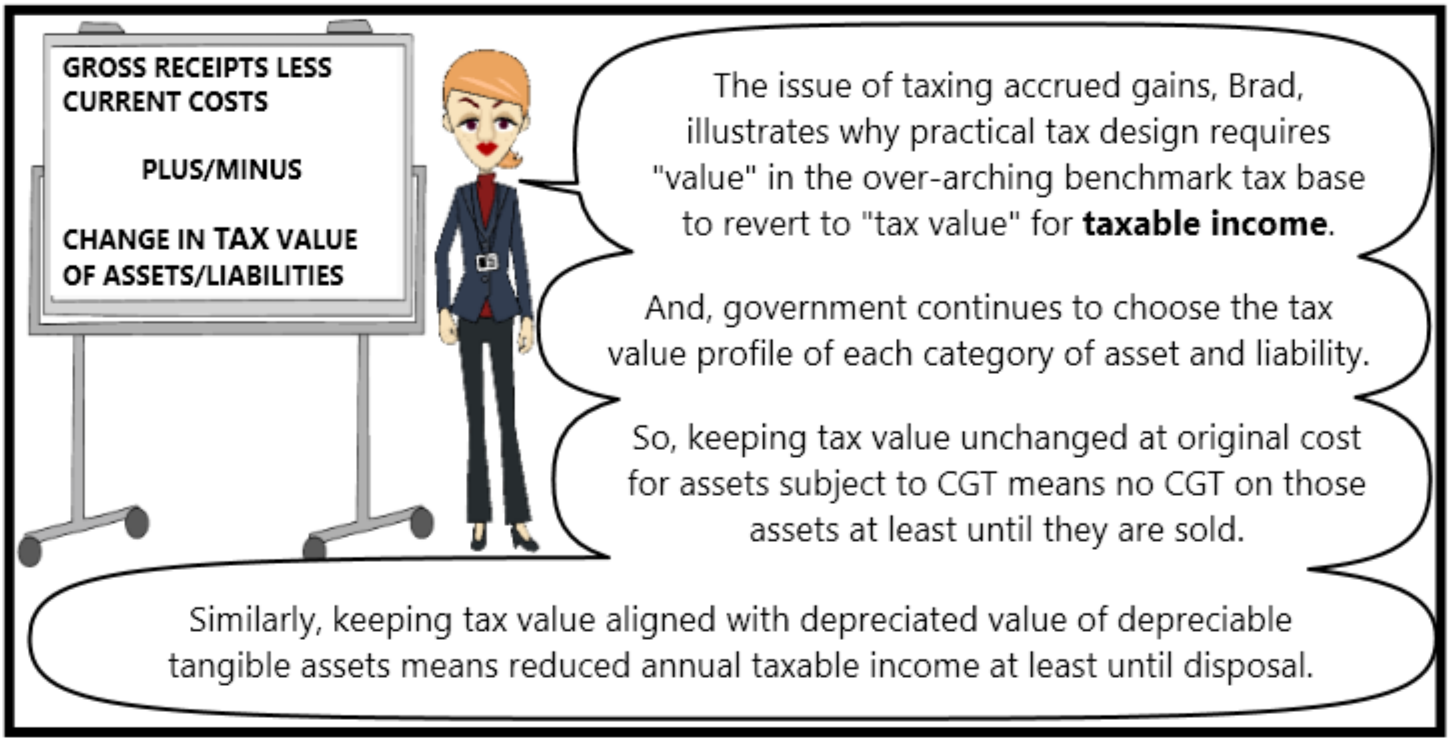
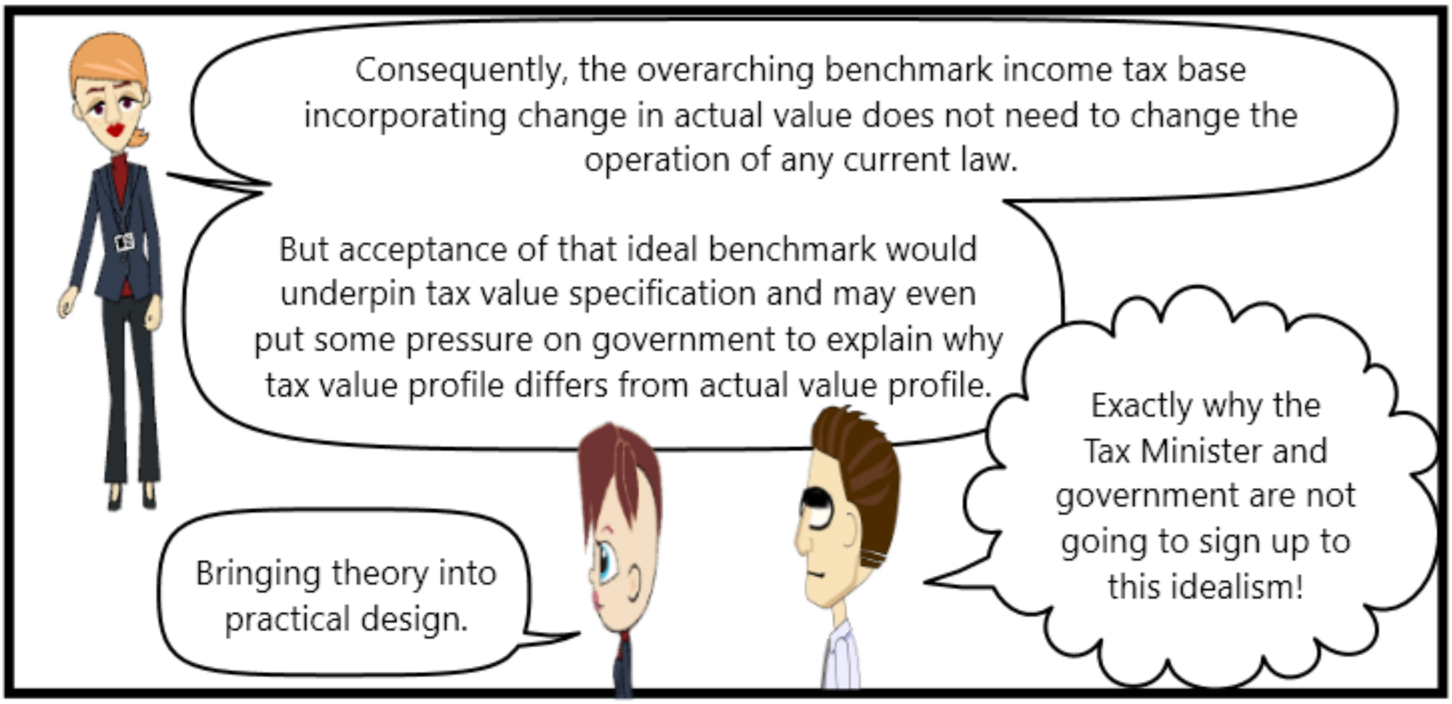

ASSETS' ANNUAL CHANGE IN VALUE
Increases in the accrued value of an asset like land add to commercial profit and, ideally therefore, to taxable income.
Decreases in the accrued value of an asset, like depreciation of plant and equipment, reduce commercial profit and, again ideally, taxable income.
Yeah, I know. Taxing accrued capital gains!
I like the logical symmetry, Claudia.
LIABILITIES' ANNUAL CHANGE IN VALUE
In contrast, reductions and increases in the accrued absolute value of liabilities ideally increase and decrease taxable income, respectively.
Delaying payment of interest on investment debt would see the size of the debt's negative accrued value - and consequently the investor's annual income tax deductions - increase year by year. There are increasing assessments, of course, on the creditor's side.
Good luck with all that!
Oh, I like it, Claudia.
By the way, the quality of every piece of current income tax law can be assessed by comparing it to this transparent, principles-based **benchmark income tax tax base**.
And getting back to your point, Brad, dealing with the interface between companies and their individual local shareholders and the international dimension will come in later briefings for the minister.
I'm more focused on the impracticality of all this, especially the implied taxing of accrued gains.
More exciting stuff to come!

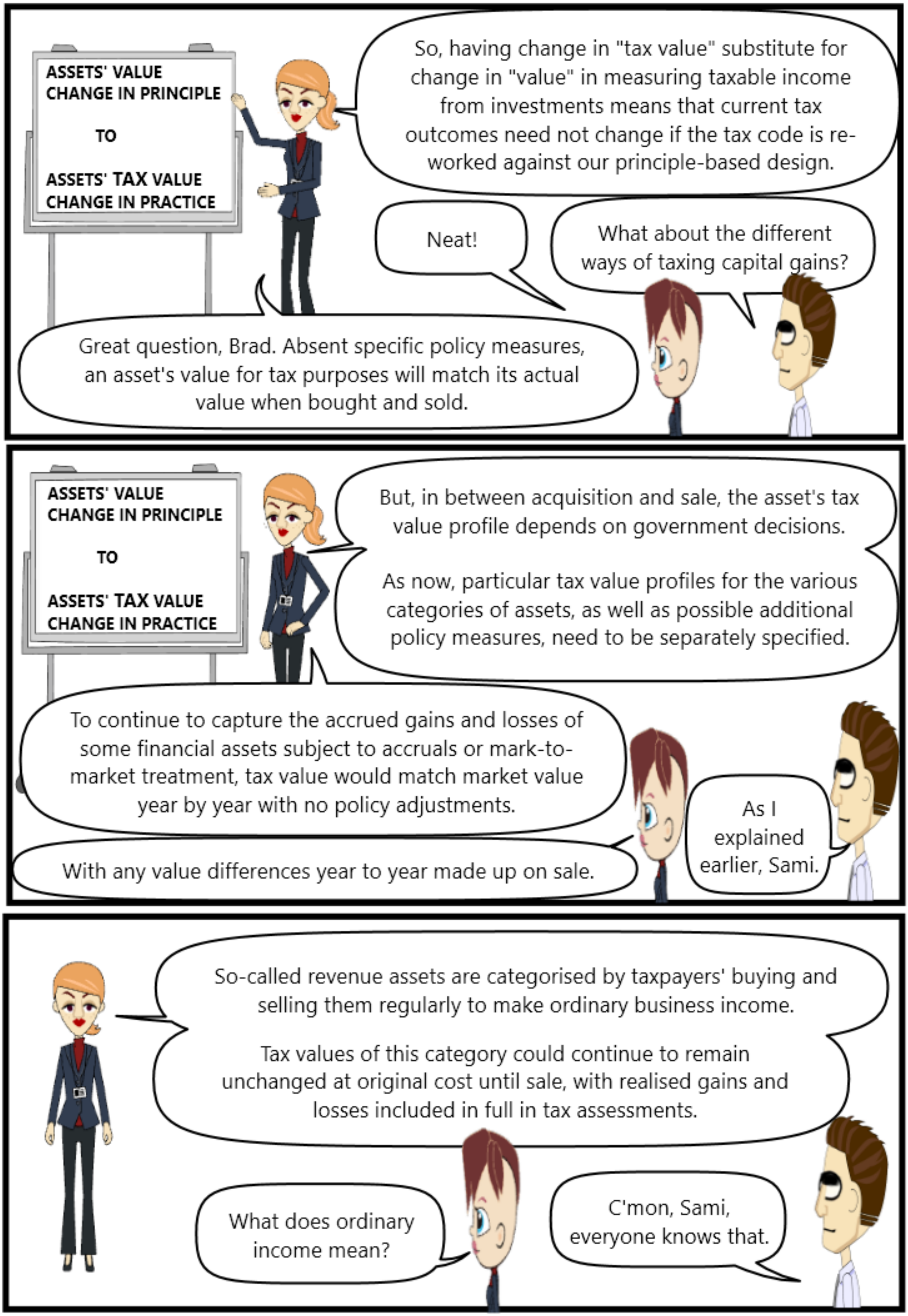

Brad again corners Sami during a break
CH1
What's the point of getting all excited about how change in market value of assets might be part of investment profit, when the tax code is usually not going to include such change in taxable income?
It sets the benchmark for tax-neutral investing, Brad.
Market value change can apply now to assets like trading stock, and some financial instruments.
And, more generally, value for tax purposes, or **tax value**, will often match actual value when an asset is purchased and when it is sold.
Yeah. So?
So, over the period that a depreciating asset with tax write-off is held, the total tax depreciation allowed will match the asset's actual reduction in value.
Yeah, the current "balancing adjustment on disposal" ensures either extra deductions or assessable income if sale value differs from depreciated value.
And there is a similar balancing adjustment for appreciating assets subject to CGT, whose tax value stays at original cost until disposal.
Yeah, when CGT assets are sold, a capital loss or gain is realised depending on whether sale price is higher or lower than the CGT cost base.
Even though only half of a taxpayer's annual CGT gains exceeding CGT losses go into taxable income.
But so what?
You can see that the tax code often matches value with tax value when an asset is acquired and sees the relevance of actual change in value of assets while they are being held.
Doesn't do much for me, Sami.

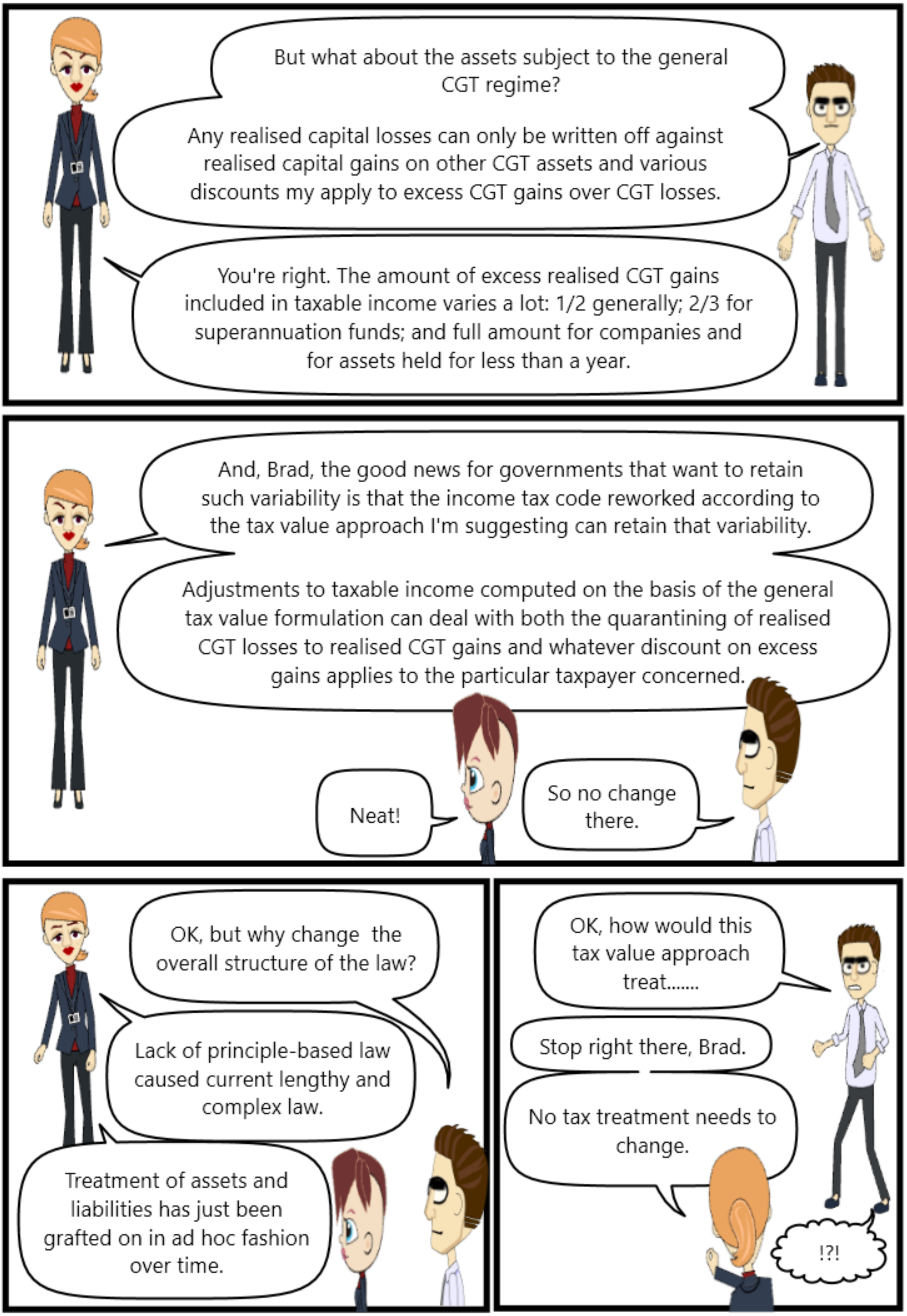
Back to the planning session

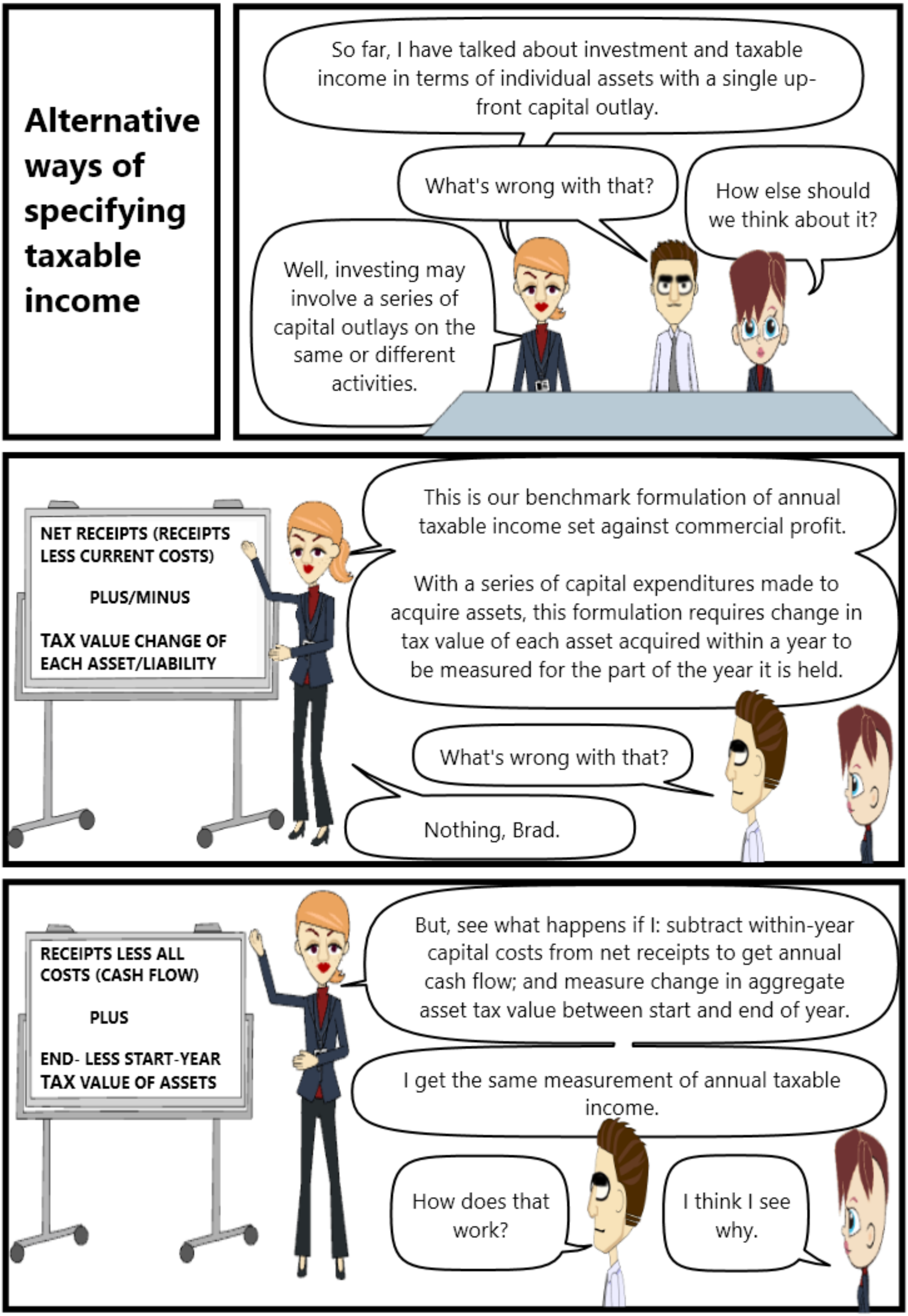


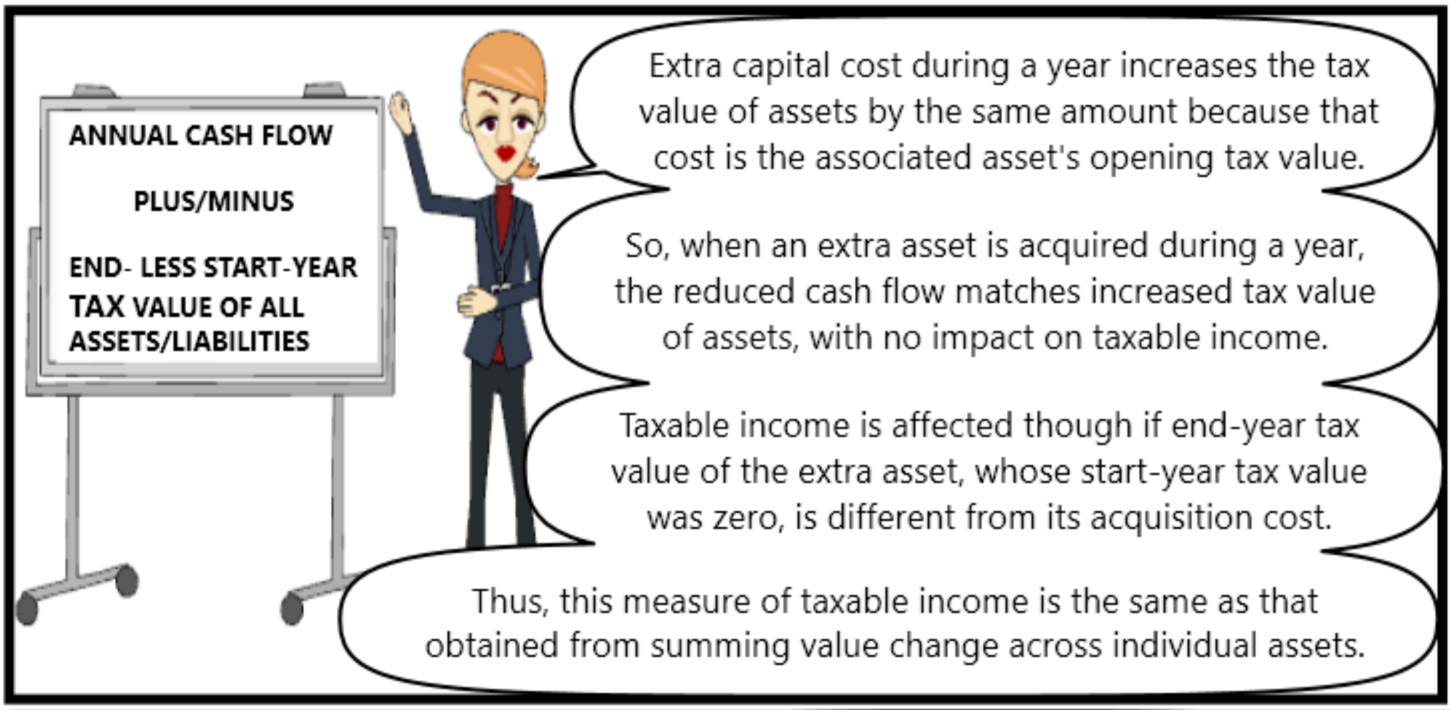


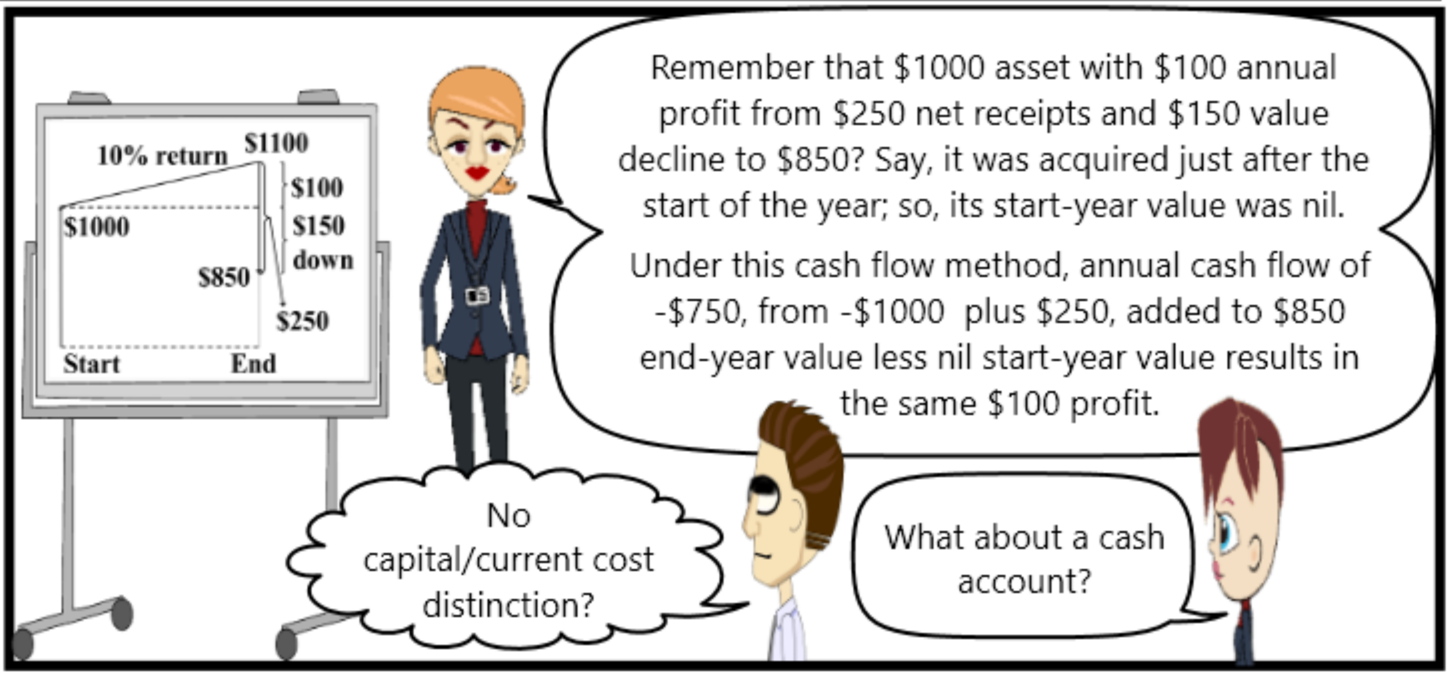



ASSETS' VALUE CHANGE IN PRINCIPLE
TO
ASSETS' TAX VALUE CHANGE IN PRACTICE
So, having change in "tax value" substitute for change in "value" in measuring taxable income from investments means that current tax outcomes need not change if the tax code is re-worked against our principle-based design.
Neat!
What about the different ways of taxing capital gains?
Great question, Brad. Absent specific policy measures, an asset's value for tax purposes will match its actual value when bought and sold.
ASSETS' VALUE CHANGE IN PRINCIPLE
TO
ASSETS' TAX VALUE CHANGE IN PRACTICE
But, in between acquisition and sale, the asset's tax value profile depends on government decisions.
As now, particular tax value profiles for the various categories of assets, as well as possible additional policy measures, need to be separately specified.
To continue to capture the accrued gains and losses of some financial assets subject to accruals or mark-to-market treatment, tax value would match market value year by year with no policy adjustments.
With any value differences year to year made up on sale.
As I explained earlier, Sami.
So-called revenue assets are categorised by taxpayers' buying and selling them regularly to make ordinary business income.
Tax values of this category could continue to remain unchanged at original cost until sale, with realised gains and losses included in full in tax assessments.
What does ordinary income mean?
C'mon, Sami, everyone knows that.

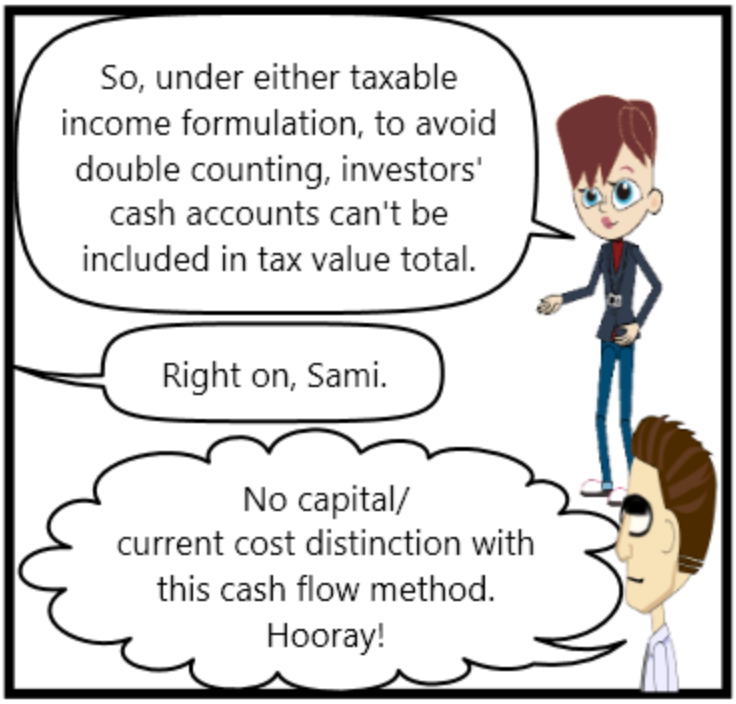

But what about the assets subject to the general CGT regime?
Any realised capital losses can only be written off against realised capital gains on other CGT assets and various discounts my apply to excess CGT gains over CGT losses.
You're right. The amount of excess realised CGT gains included in taxable income varies a lot: 1/2 generally; 2/3 for superannuation funds; and full amount for companies and for assets held for less than a year.
And, Brad, the good news for governments that want to retain such variability is that the income tax code reworked according to the tax value approach I'm suggesting can retain that variability.
Adjustments to taxable income computed on the basis of the general tax value formulation can deal with both the quarantining of realised CGT losses to realised CGT gains and whatever discount on excess gains applies to the particular taxpayer concerned.
Neat!
So no change there.
OK, but why change the overall structure of the law?
Lack of principle-based law caused current lengthy and complex law.
Treatment of assets and liabilities has just been grafted on in ad hoc fashion over time.
OK, how would this tax value approach treat.......
Stop right there, Brad.
No tax treatment needs to change.
!?!

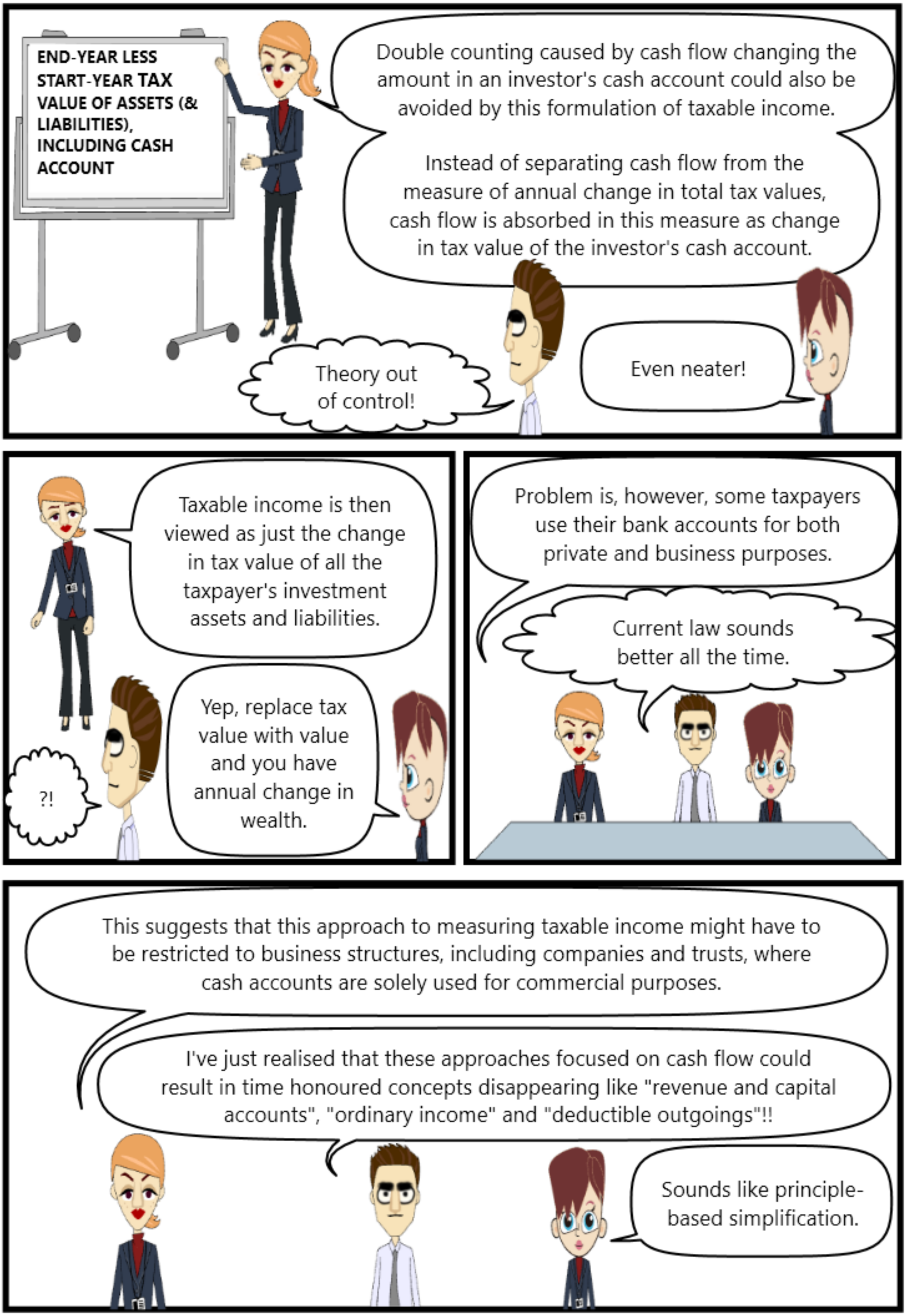

Alternative ways of specifying taxable income
So far, I have talked about investment and taxable income in terms of individual assets with a single up-front capital outlay.
What's wrong with that?
How else should we think about it?
Well, investing may involve a series of capital outlays on the same or different activities.
NET RECEIPTS (RECEIPTS LESS CURRENT COSTS)
PLUS/MINUS
TAX VALUE CHANGE OF EACH ASSET/LIABILITY
This is our benchmark formulation of annual taxable income set against commercial profit.
With a series of capital expenditures made to acquire assets, this formulation requires change in tax value of each asset acquired within a year to be measured for the part of the year it is held.
What's wrong with that?
Nothing, Brad.
RECEIPTS LESS ALL COSTS (CASH FLOW)
PLUS
END- LESS START-YEAR TAX VALUE OF ASSETS
But, see what happens if I: subtract within-year capital costs from net receipts to get annual cash flow; and measure change in aggregate asset tax value between start and end of year.
I get the same measurement of annual taxable income.
How does that work?
I think I see why.

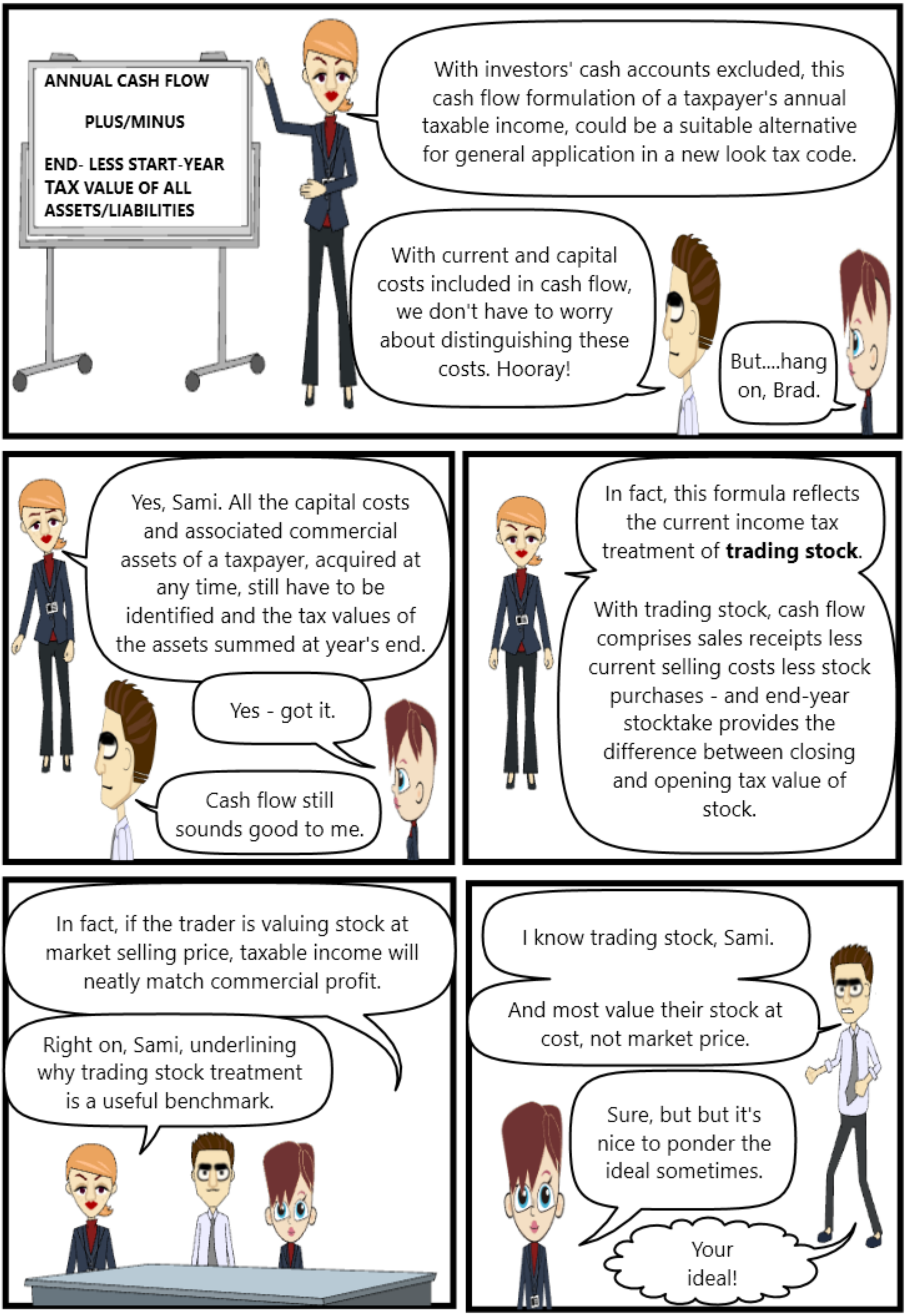

ANNUAL CASH FLOW
PLUS/MINUS
END- LESS START-YEAR TAX VALUE OF ALL ASSETS/LIABILITIES
Extra capital cost during a year increases the tax value of assets by the same amount because that cost is the associated asset's opening tax value.
So, when an extra asset is acquired during a year, the reduced cash flow matches increased tax value of assets, with no impact on taxable income.
Taxable income is affected though if end-year tax value of the extra asset, whose start-year tax value was zero, is different from its acquisition cost.
Thus, this measure of taxable income is the same as that obtained from summing value change across individual assets.

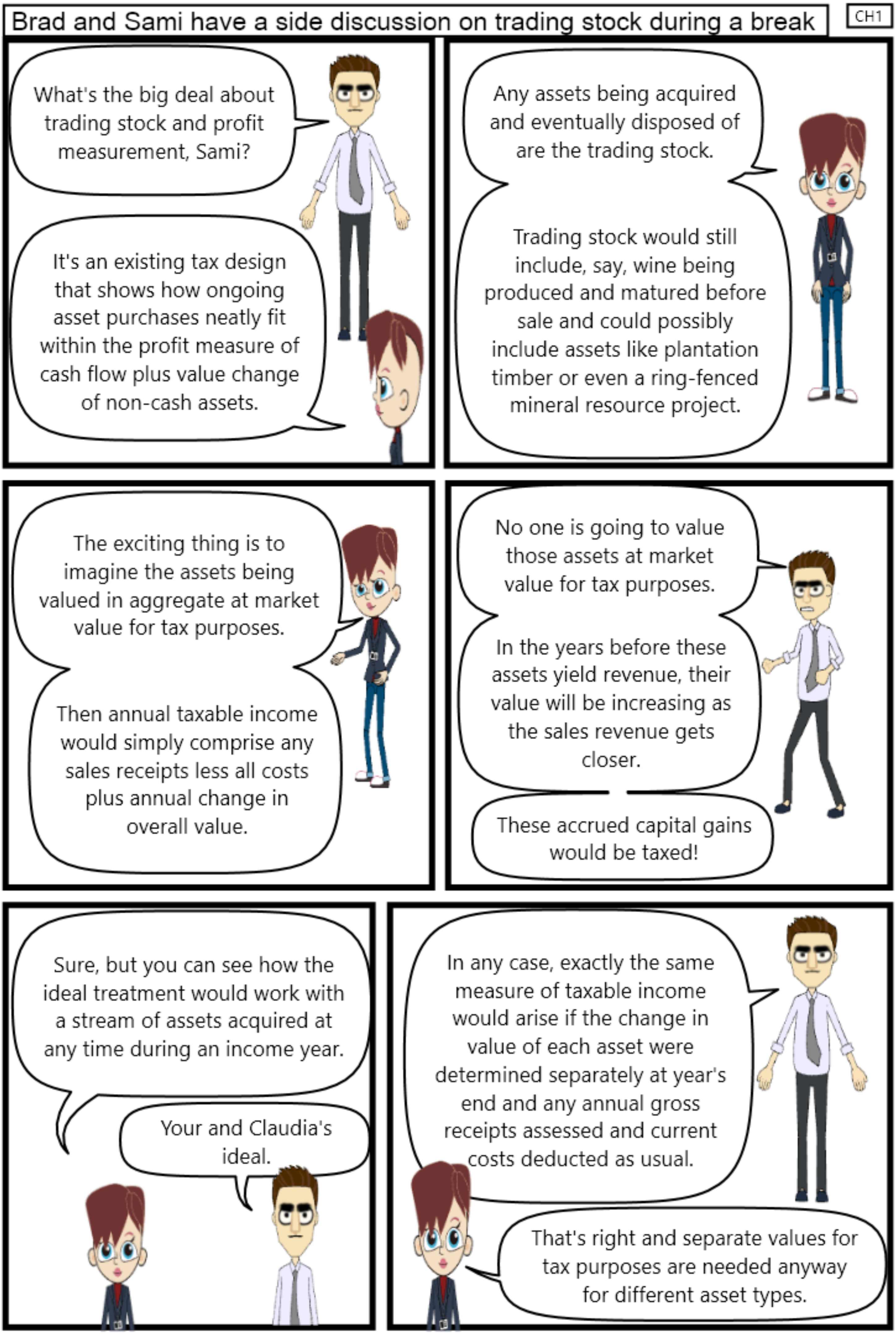

10% return
$1100
$1000
$100
$150 down
$850
$250
Start
End
Remember that $1000 asset with $100 annual profit from $250 net receipts and $150 value decline to $850? Say, it was acquired just after the start of the year; so, its start-year value was nil.
Under this cash flow method, annual cash flow of -$750, from -$1000 plus $250, added to $850 end-year value less nil start-year value results in the same $100 profit.
No capital/current cost distinction?
What about a cash account?


Someone's cash account is an investment asset even if only a transaction account.
And the receipts and costs from all of the investments of that person would change the amount in the investor's cash account.
Yes, that's right.

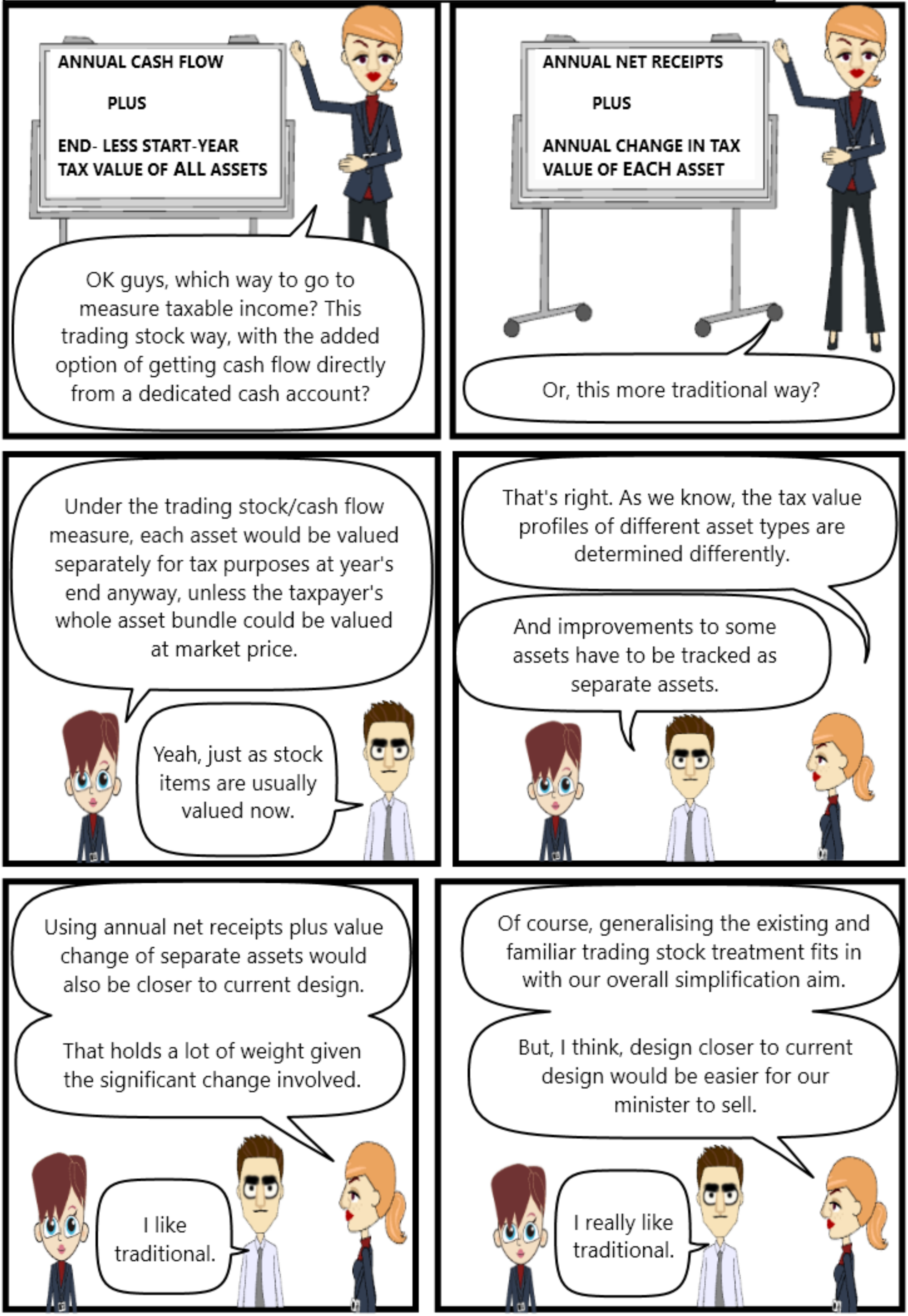

So, under either taxable income formulation, to avoid double counting, investors' cash accounts can't be included in tax value total.
Right on, Sami.
No capital/ current cost distinction with this cash flow method. Hooray!

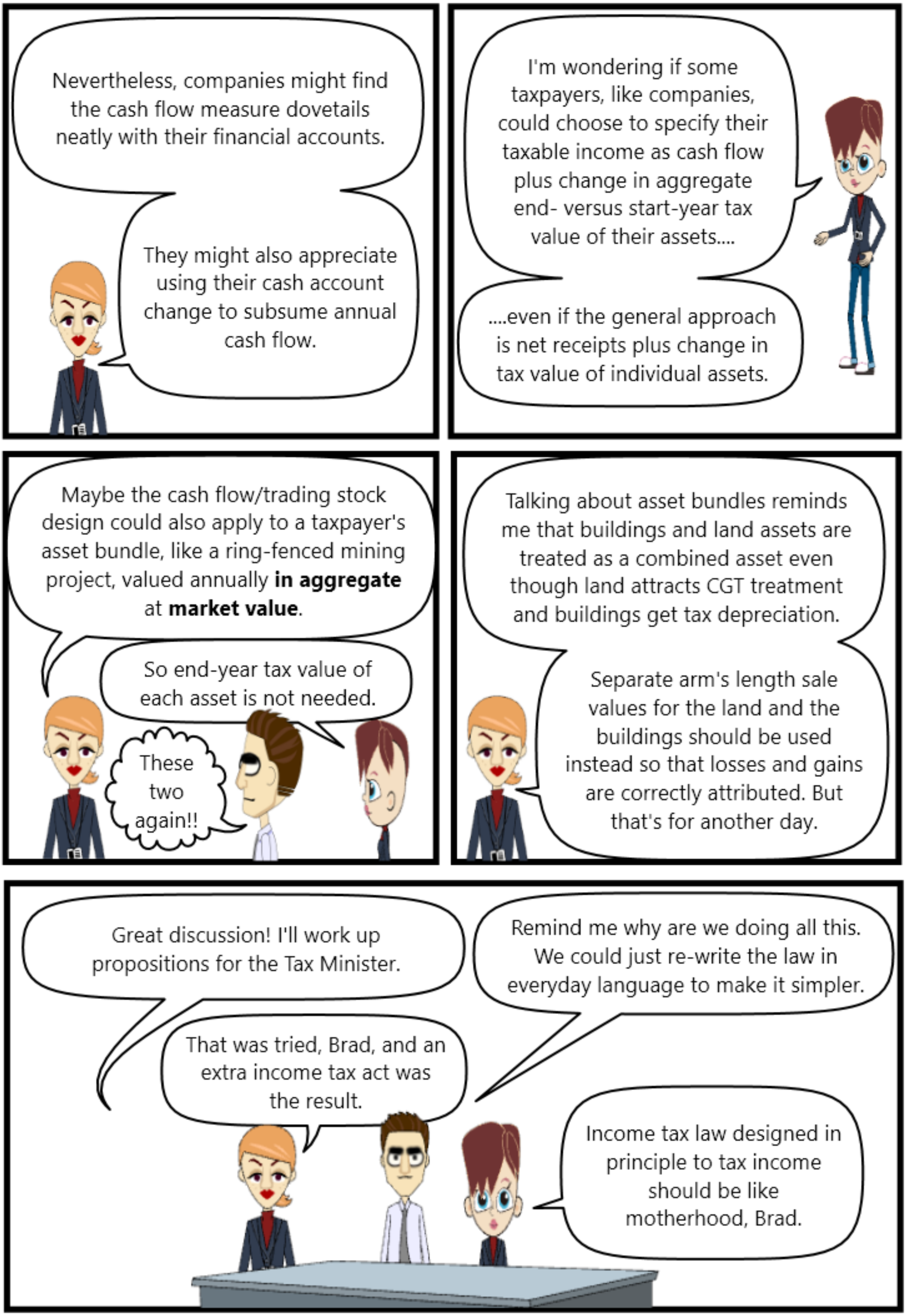

END-YEAR LESS START-YEAR TAX VALUE OF ASSETS (& LIABILITIES), INCLUDING CASH ACCOUNT
Double counting caused by cash flow changing the amount in an investor's cash account could also be avoided by this formulation of taxable income.
Instead of separating cash flow from the measure of annual change in total tax values, cash flow is absorbed in this measure as change in tax value of the investor's cash account.
Theory out of control!
Even neater!
Taxable income is then viewed as just the change in tax value of all the taxpayer's investment assets and liabilities.
?!
Yep, replace tax value with value and you have annual change in wealth.
Problem is, however, some taxpayers use their bank accounts for both private and business purposes.
Current law sounds better all the time.
This suggests that this approach to measuring taxable income might have to be restricted to business structures, including companies and trusts, where cash accounts are solely used for commercial purposes.
I've just realised that these approaches focused on cash flow could result in time honoured concepts disappearing like "revenue and capital accounts", "ordinary income" and "deductible outgoings"!!
Sounds like principle-based simplification.


ANNUAL CASH FLOW
PLUS/MINUS
END- LESS START-YEAR TAX VALUE OF ALL ASSETS/LIABILITIES
With investors' cash accounts excluded, this cash flow formulation of a taxpayer's annual taxable income, could be a suitable alternative for general application in a new look tax code.
With current and capital costs included in cash flow, we don't have to worry about distinguishing these costs. Hooray!
But....hang on, Brad.
Yes, Sami. All the capital costs and associated commercial assets of a taxpayer, acquired at any time, still have to be identified and the tax values of the assets summed at year's end.
Yes - got it.
Cash flow still sounds good to me.
In fact, this formula reflects the current income tax treatment of **trading stock**.
With trading stock, cash flow comprises sales receipts less current selling costs less stock purchases - and end-year stocktake provides the difference between closing and opening tax value of stock.
In fact, if the trader is valuing stock at market selling price, taxable income will neatly match commercial profit.
Right on, Sami, underlining why trading stock treatment is a useful benchmark.
I know trading stock, Sami.
And most value their stock at cost, not market price.
Sure, but but it's nice to ponder the ideal sometimes.
Your ideal!

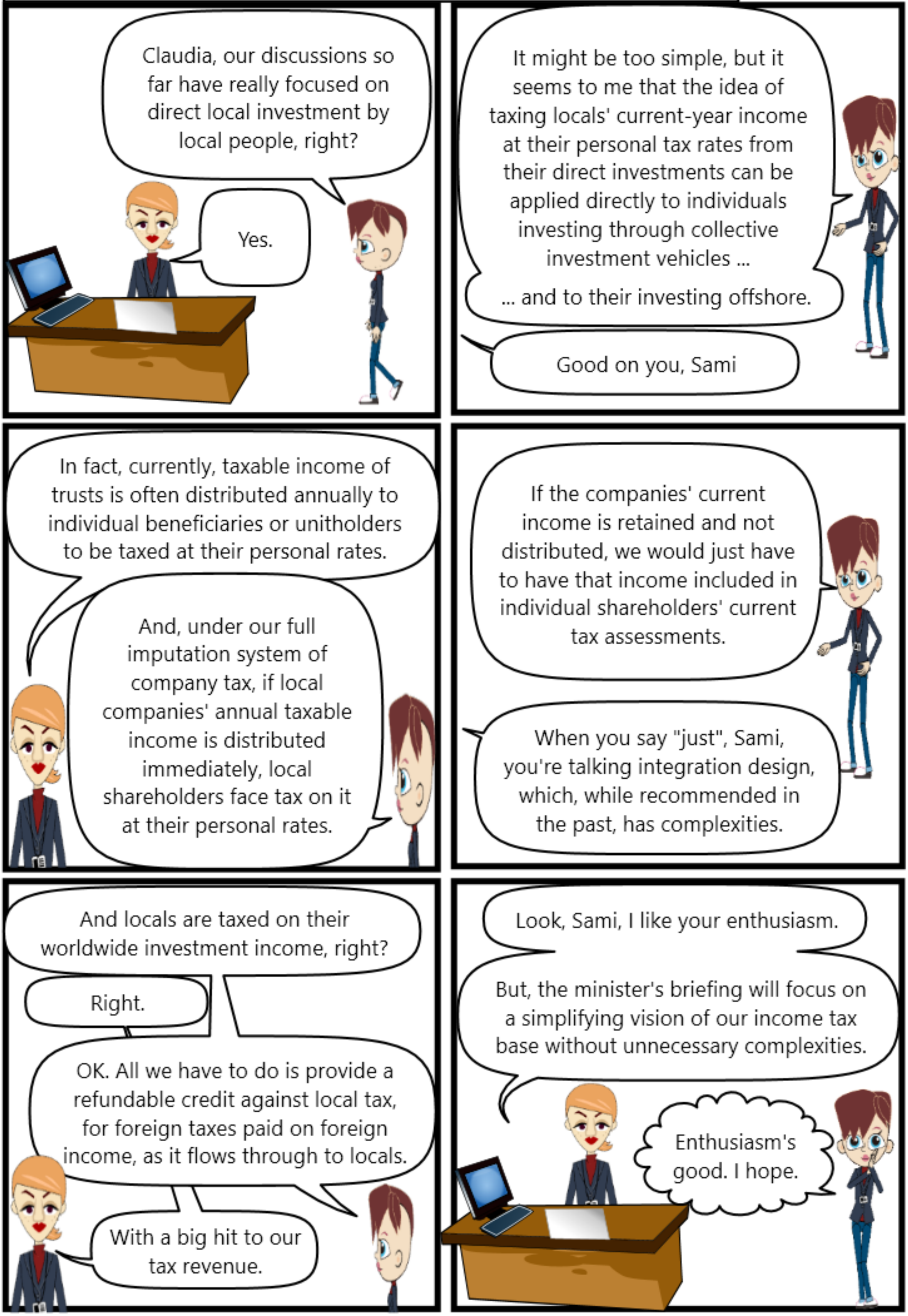

Brad and Sami have a side discussion on trading stock during a break
CH1
What's the big deal about trading stock and profit measurement, Sami?
It's an existing tax design that shows how ongoing asset purchases neatly fit within the profit measure of cash flow plus value change of non-cash assets.
Any assets being acquired and eventually disposed of are the trading stock.
Trading stock would still include, say, wine being produced and matured before sale and could possibly include assets like plantation timber or even a ring-fenced mineral resource project.
The exciting thing is to imagine the assets being valued in aggregate at market value for tax purposes.
Then annual taxable income would simply comprise any sales receipts less all costs plus annual change in overall value.
No one is going to value those assets at market value for tax purposes.
In the years before these assets yield revenue, their value will be increasing as the sales revenue gets closer.
These accrued capital gains would be taxed!
Sure, but you can see how the ideal treatment would work with a stream of assets acquired at any time during an income year.
Your and Claudia's ideal.
In any case, exactly the same measure of taxable income would arise if the change in value of each asset were determined separately at year's end and any annual gross receipts assessed and current costs deducted as usual.
That's right and separate values for tax purposes are needed anyway for different asset types.

Which taxable income definition to use in reworked tax code

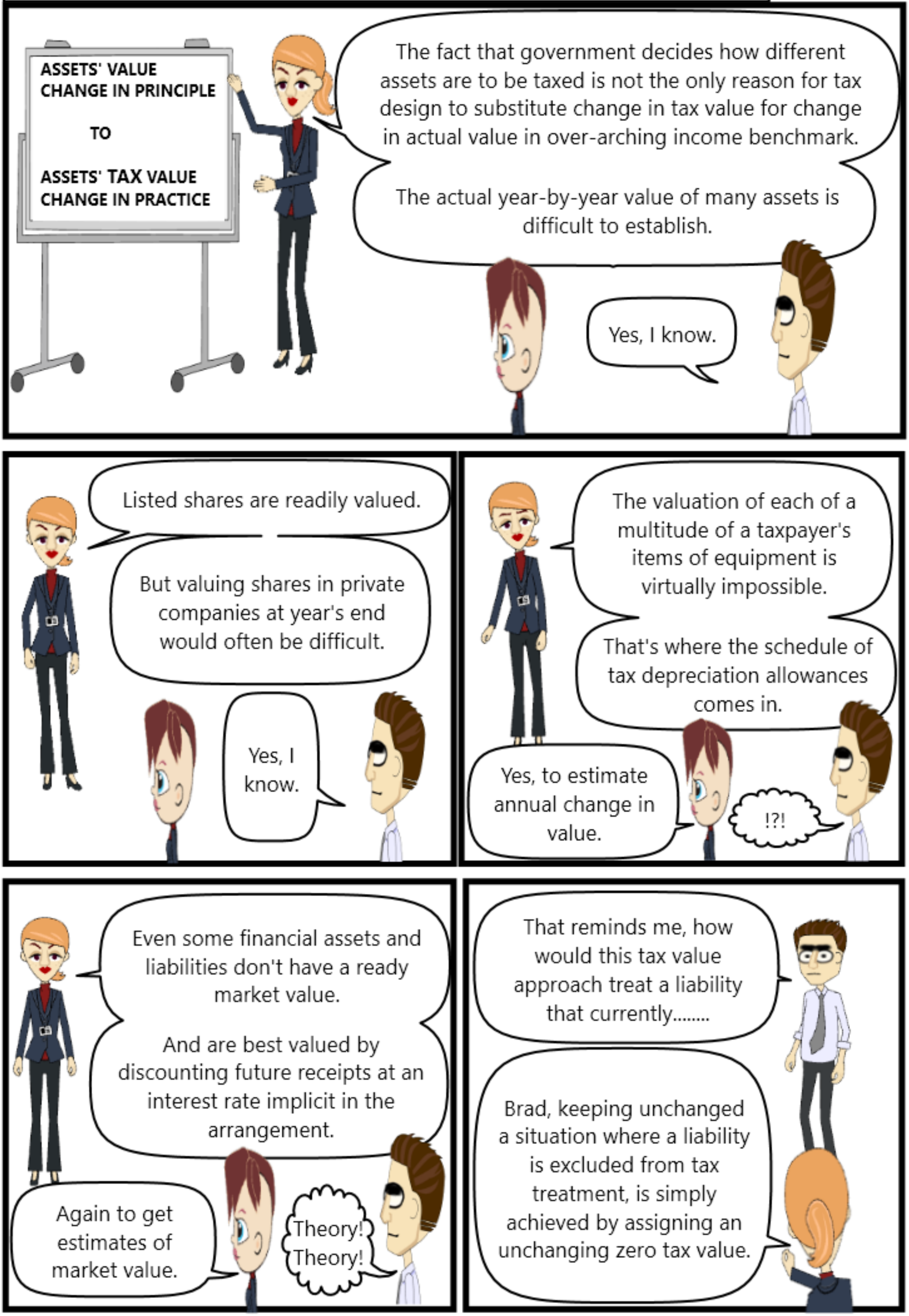


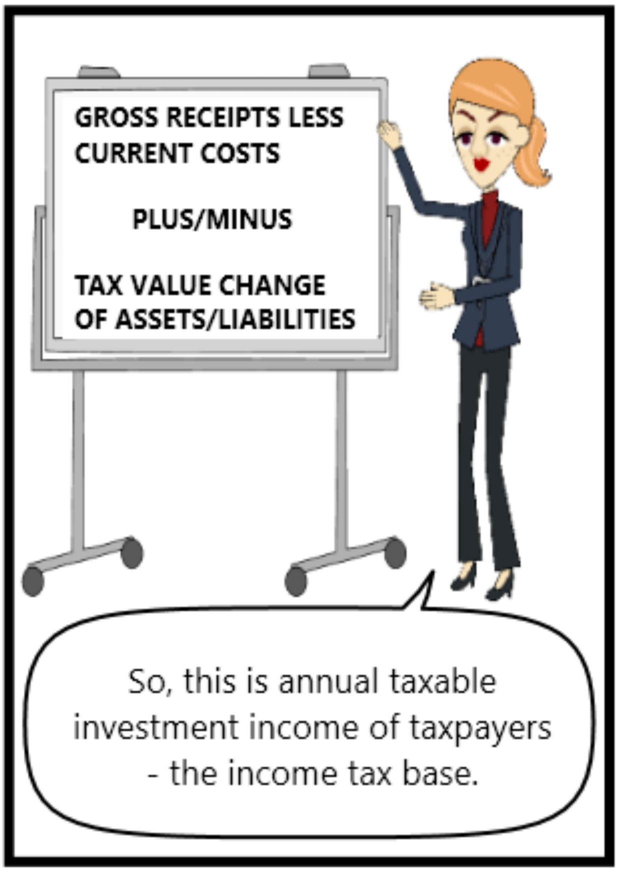

Nevertheless, companies might find the cash flow measure dovetails neatly with their financial accounts.
They might also appreciate using their cash account change to subsume annual cash flow.
I'm wondering if some taxpayers, like companies, could choose to specify their taxable income as cash flow plus change in aggregate end- versus start-year tax value of their assets....
....even if the general approach is net receipts plus change in tax value of individual assets.
Maybe the cash flow/trading stock design could also apply to a taxpayer's asset bundle, like a ring-fenced mining project, valued annually **in aggregate** at **market value**.
So end-year tax value of each asset is not needed.
These two again!!
Talking about asset bundles reminds me that buildings and land assets are treated as a combined asset even though land attracts CGT treatment and buildings get tax depreciation.
Separate arm's length sale values for the land and the buildings should be used instead so that losses and gains are correctly attributed. But that's for another day.
Great discussion! I'll work up propositions for the Tax Minister.
Remind me why are we doing all this. We could just re-write the law in everyday language to make it simpler.
That was tried, Brad, and an extra income tax act was the result.
Income tax law designed in principle to tax income should be like motherhood, Brad.

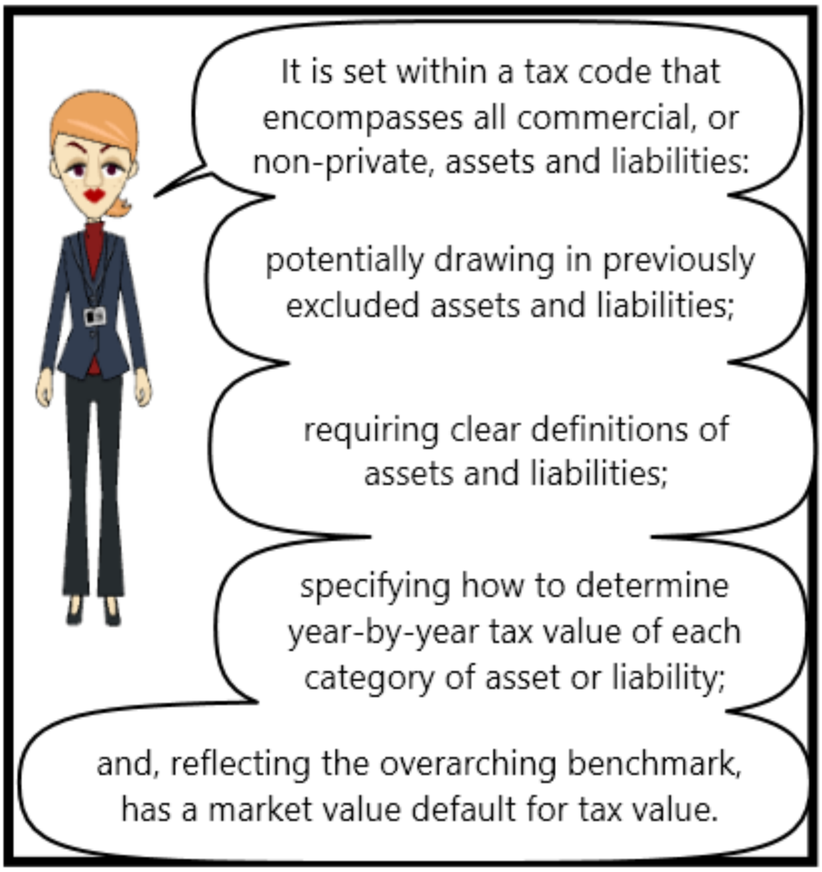
What about collective investment vehicles and international?

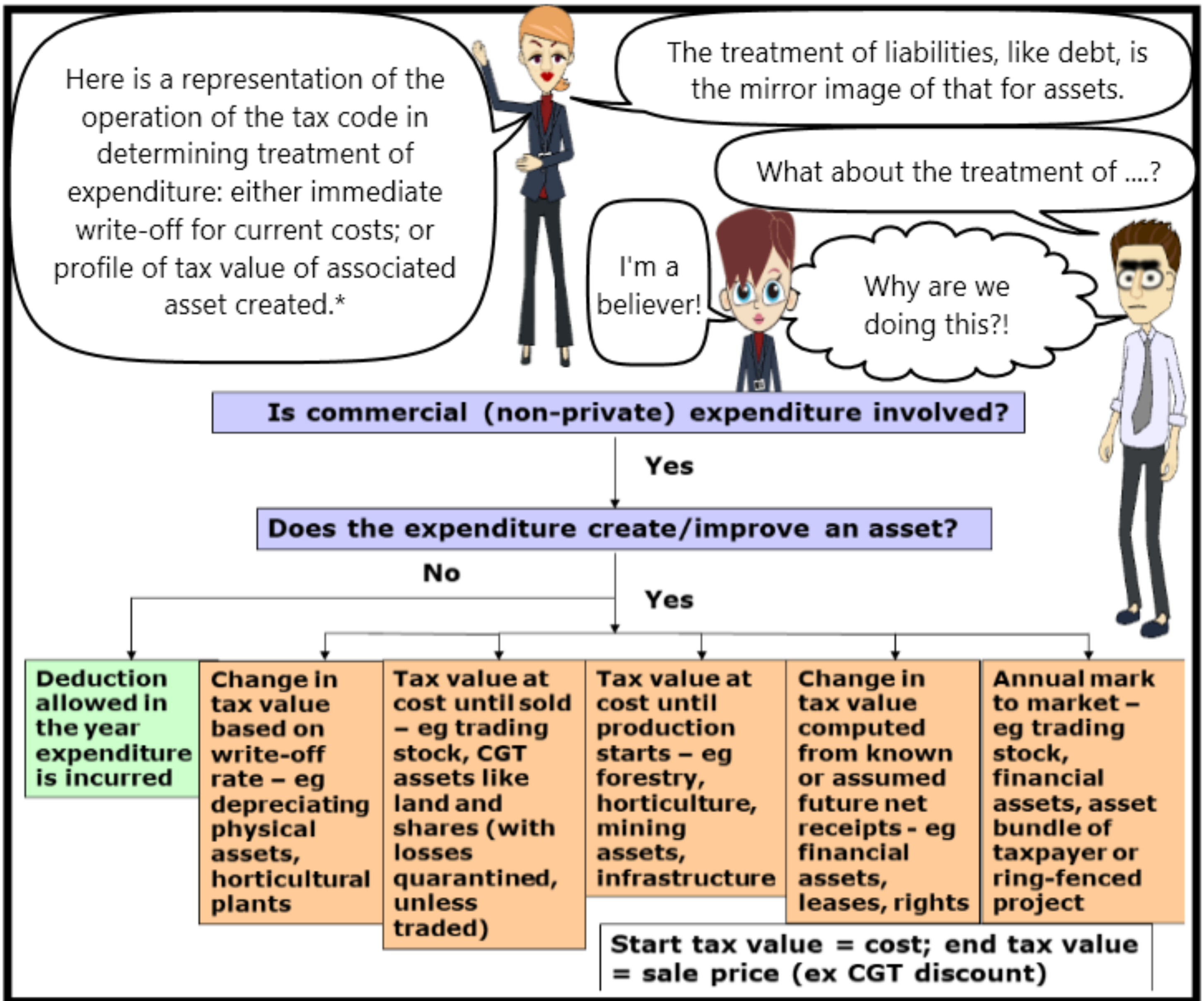


Team meeting reconvened to finalise the Tax Minister's briefing

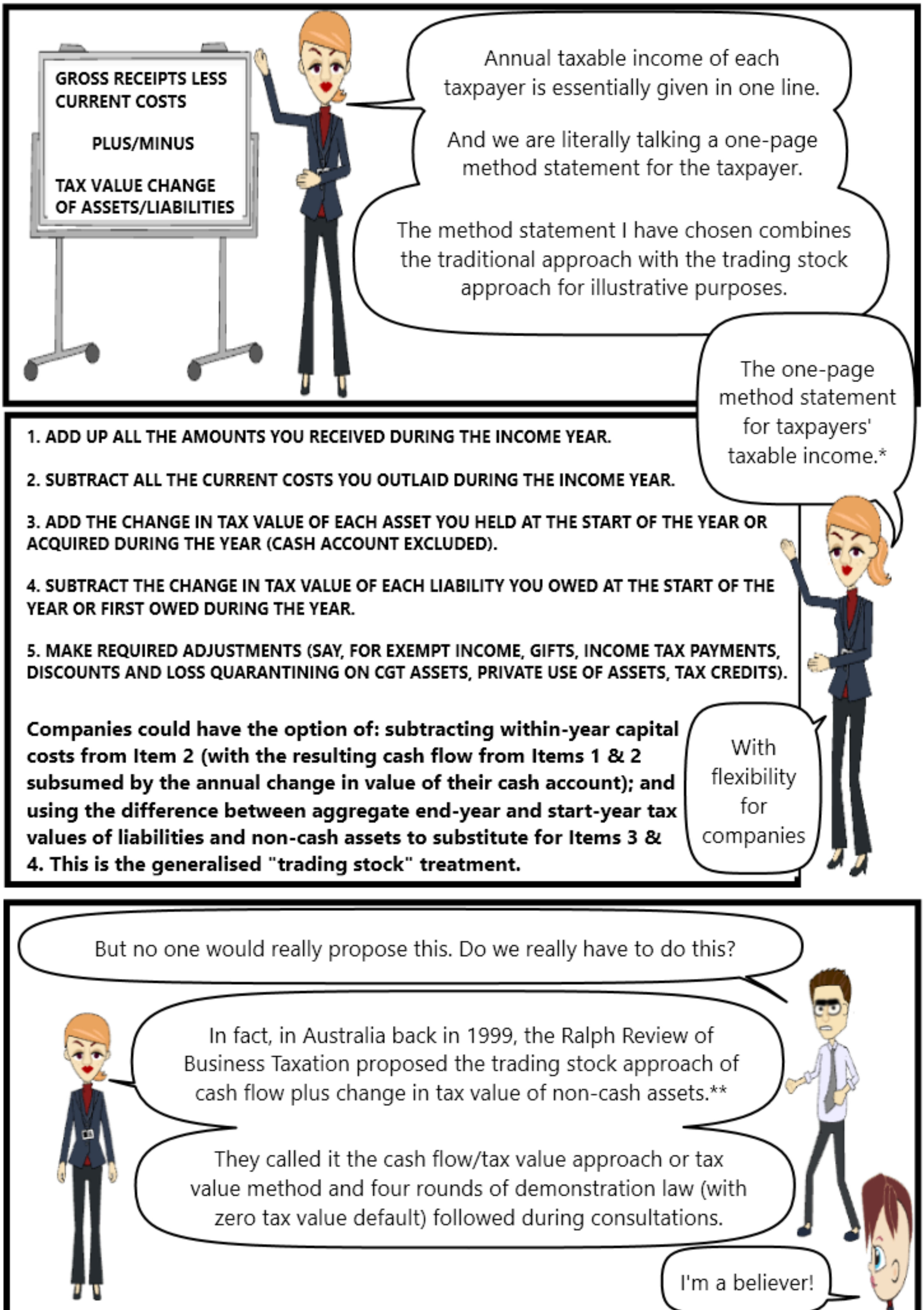






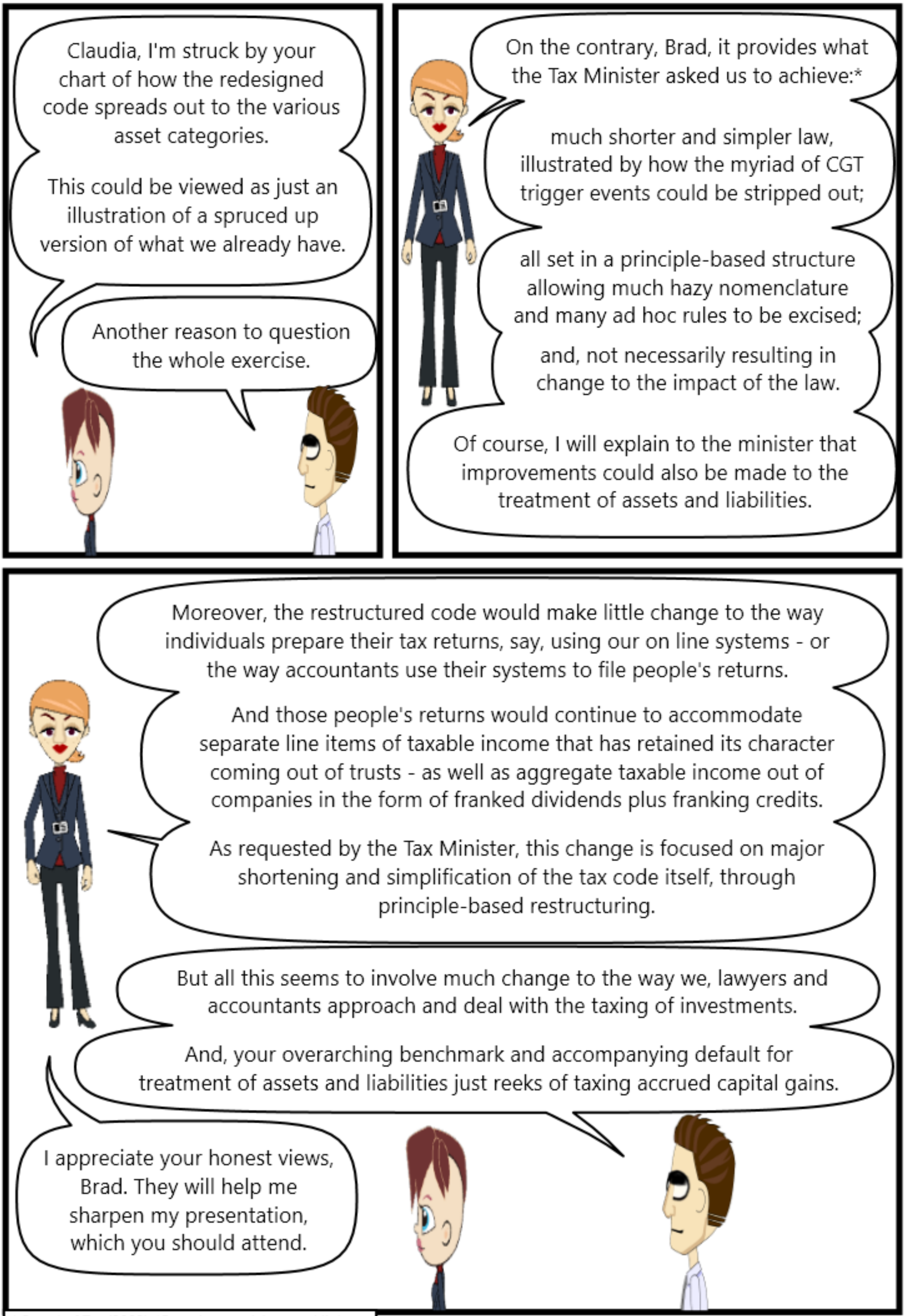


* Ralph Review, p 158 and Mayo (2011), p 52.



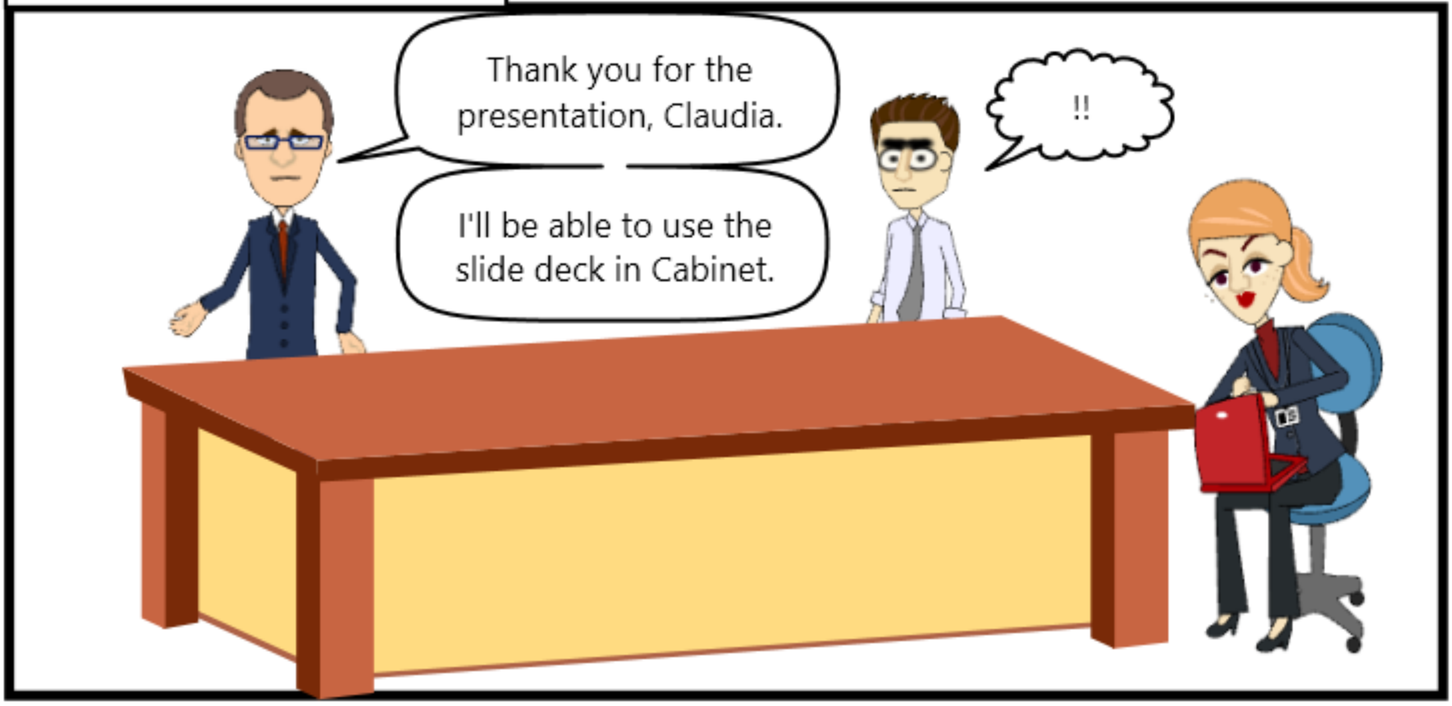
* Board of Tax (2002), 'Archived Material' link/Draft TVM Legislation, Version 3, pp 8-9.

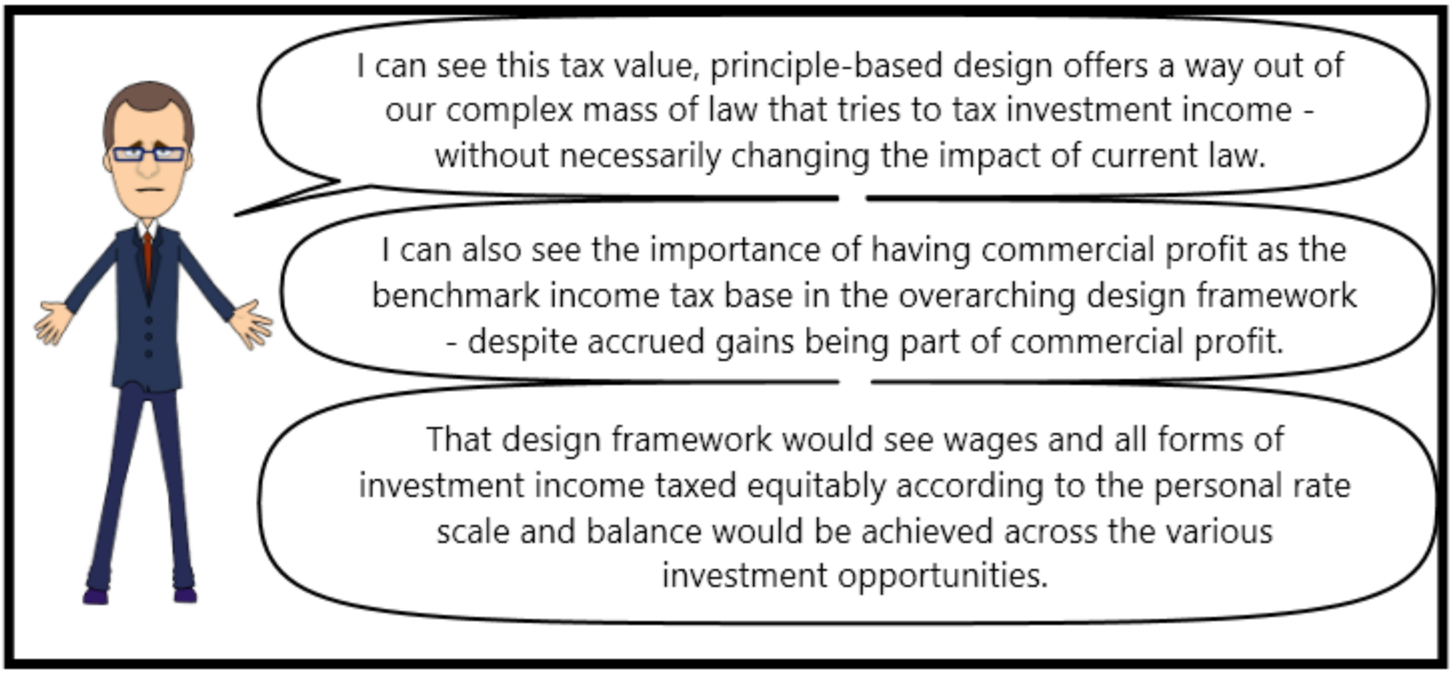
** Ralph Review, pp 155-189.

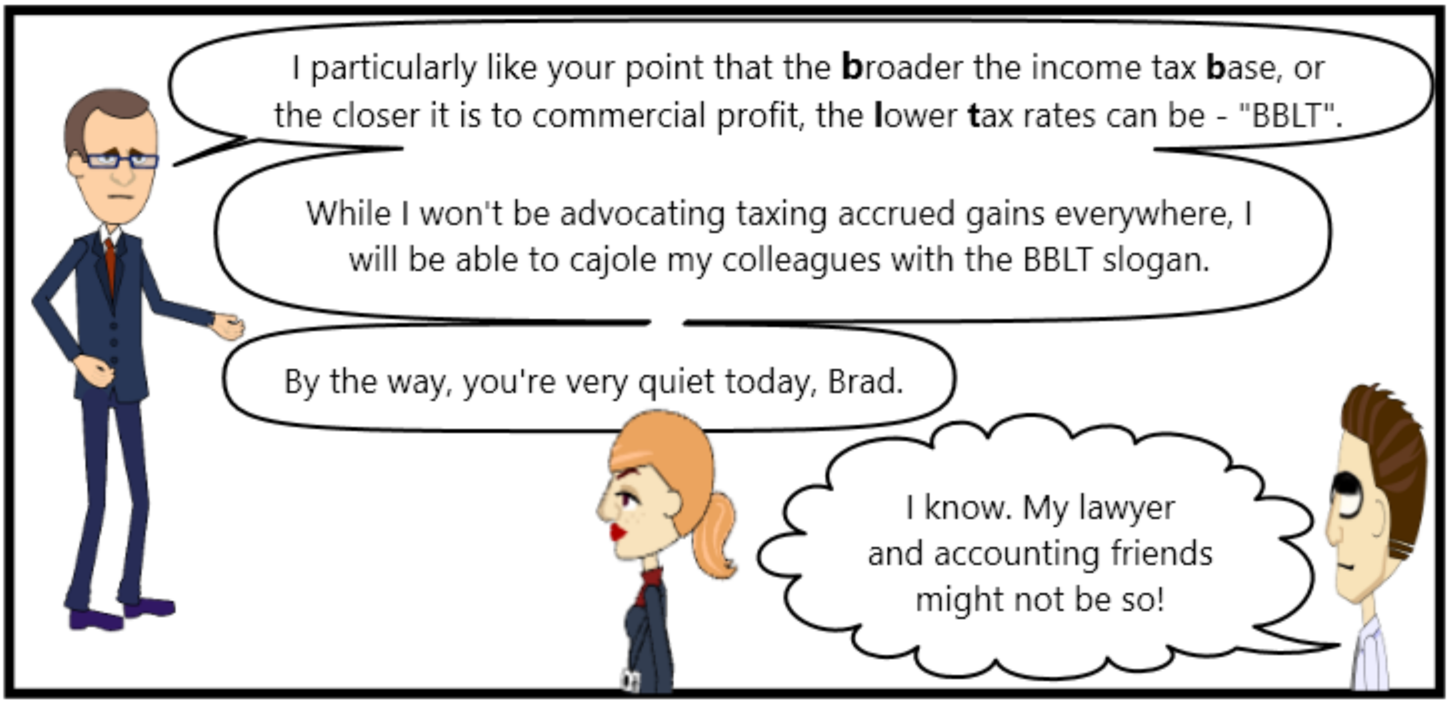


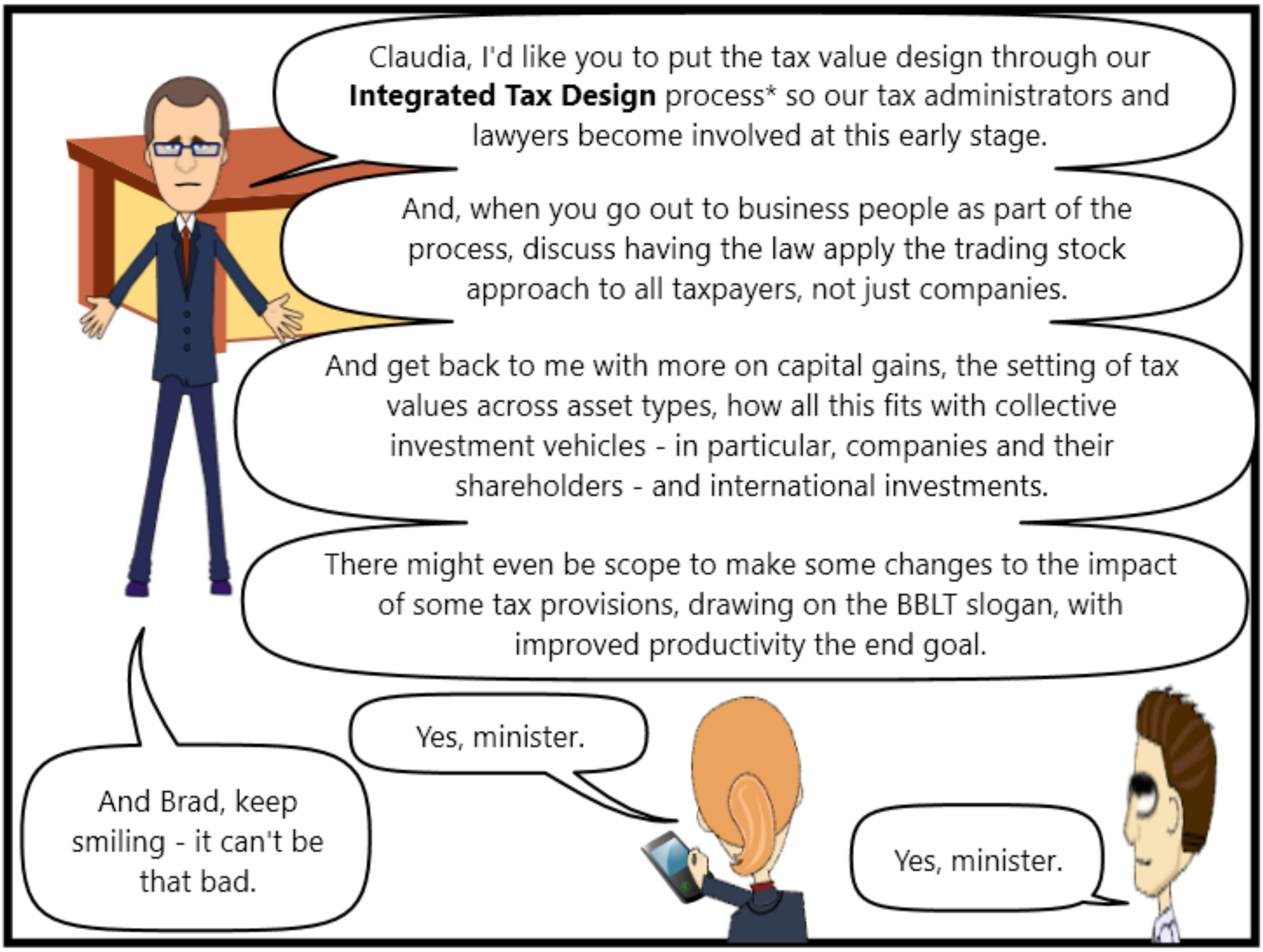
* Board of Tax (2002), 'Questions and Answers' link.

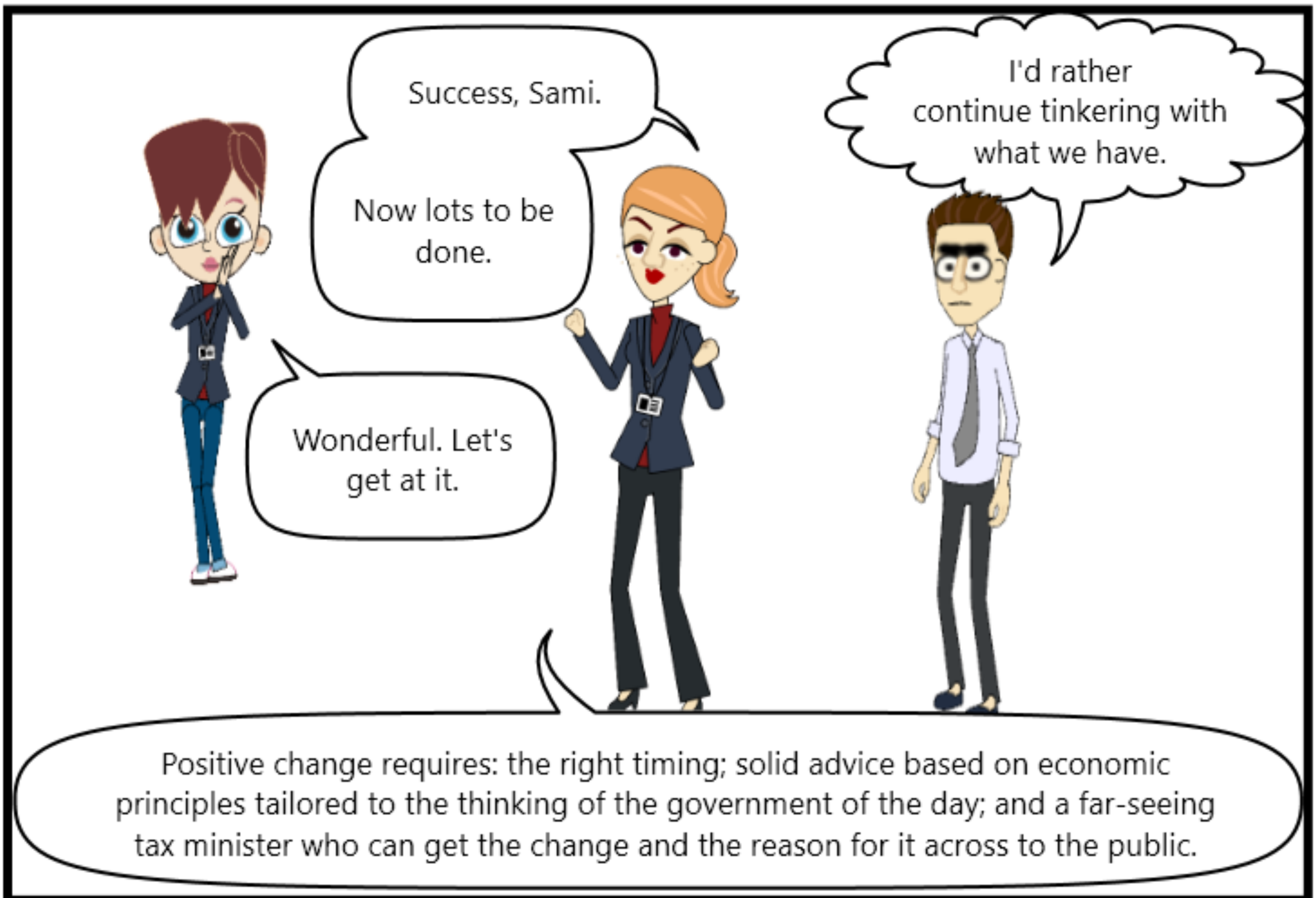
And the outcome is........











* Ralph Review, pp 95-97.