

14 November 2012

The Chairman
Australian Accounting Standards Board
PO Box 204
Collins Street West
Victoria 8007

**Exposure Draft 226 Withdrawal of Australian Interpretation 1039
Substantive Enactment of Major Tax Bills in Australia**

Dear Mr Stevenson

Ernst & Young Australia is pleased to provide our comments on the AASB's Exposure Draft 226 Withdrawal of Australian Interpretation 1039 *Substantive Enactment of Major Tax Bills in Australia* (the 'Exposure Draft').

Our responses to the specific questions in the Request for Comment are set out in this letter.

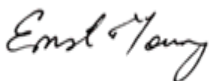
We do not support complete Withdrawal of Australian Interpretation 1039 *Substantive Enactment of Major Tax Bills in Australia* (AASB Int 1039). Instead we propose that changes are made to AASB Int 1039 for the reasons outlined below.

Specifically, we are of the view that the timing of substantive enactment in the Interpretation (once a non-linked Bill has been tabled in Parliament and there is majority support for the passage of the Bill through both Houses of Parliament) is too early to be considered "substantive". We believe that substantive enactment is generally regarded as occurring at the stage of the legislative process where no further amendment is possible. In Australia, we believe that should be when the legislation has passed both houses of Parliament. We do not believe that it is necessary for Royal Assent, as the Governor General's powers are ceremonial.

Whilst uncomfortable with the current Interpretation for the reasons discussed above, we believe that the absence of guidance will lead to further diversity in practise and the current Interpretation should instead be reconsidered or replaced as discussed above.

We would be pleased to discuss our comments further with you. Please contact Vincent Sheehan (vincent.sheehan@au.ey.com) on (03) 9655 2941 or Lynda Tomkins on (02) 9276 9605 if you wish to discuss any or the matters raised in this response.

Yours sincerely



Ernst & Young