



The Tax Road Ahead

Considerations and actions for business

6 November 2013

The tax road ahead

On 6 November 2013, the Treasurer and Assistant Treasurer announced the Government's position regarding a backlog of 96 announced but unlegislated tax and superannuation measures.

The Government announcement is to be welcomed. In relatively quick time since the election, the Government has sought to bring some "taxation stability" to an uncertain tax landscape and increase business confidence.

Of the unenacted measures, the Government has identified seven measures which will not proceed, notably including the proposed repeal of section 25-90 and the proposed changes to the fringe benefits tax treatment of motor vehicles.

The vast majority of outstanding measures will be subject to further consultation which will be expedited and finalised over the next two weeks.

There are many positives that emerge, both in terms of the Government's broader message to business and the clarification on specific tax measures.

This attached document sets out our comments on the Government's position and highlights the key considerations and actions for business now that there is a clearer view of the tax road ahead.

Foreword

The Government's announcement of 6 November 2013 is welcomed. In relatively quick time since the election, the Government has sought to bring some "taxation stability" to an uncertain tax landscape.

As of today, the Tax Scorecard reads as follows:

- 96 unenacted measures as at the last election
- 4 have been dealt with already by the Coalition Government
- 18 are intended to proceed as announced, maintaining close to \$11 billion in revenue over the forward estimates
- 3 are intended to proceed with amendments, with a budget cost of \$700 million over the forward estimates
- 7 matters will not proceed, with a negative impact on the budget of \$2.4 billion over the current forward estimates
- The 64 remaining measures would be subject to further consultation, but the Government's current view is that it has "a disposition not to proceed" with these matters.

In addition, transitional provisions would need to be introduced so that taxpayers are not unfairly treated as a result of the uncertainty that has arisen from the unenacted measures.

A number of broader themes emerge from the announcement.

A focus on innovation and productivity is reflected in the announcement not to proceed with the restrictions on self-education expenses. Not proceeding with changes such as taxation on superannuation earnings above \$100,000 reflects a commitment to reducing red tape and compliance burdens. Furthermore, the decision not to proceed with the repeal of section 25-90 demonstrates a willingness to listen to the concerns of business and encourages companies to grow their business, including through offshore expansion. The section 25-90 announcement will be widely welcomed.

The Government hopes that this announcement will lead to greater certainty and increased business confidence.

The challenge for the Government is "what happens next"? The timelines outlined are:

- Where legislation is required, the bulk of this is expected to be passed before 1 July 2014
- Expedited consultation on the 64 measures will be completed over the next two weeks
- All policy decisions to be resolved by 1 December 2013, for inclusion in the Mid-Year Economic and Fiscal Outlook
- Further unspecified reforms and integrity measures to be announced in coming months
- Having 'cleared the decks', the May 2014 Budget will then allow the Government to put its stamp on the tax system.

Furthermore, as announced prior to the last election, the white paper process on wide-ranging tax reform is then to be undertaken prior to the next election.

This is a challenging task. The list of unenacted measures has grown to its unwieldy length for obvious reasons – many of these measures are complex, difficult to draft and do not always enjoy bipartisan

support. At the same time, the impact of the various announcements will have a significant detrimental impact on the budget.

The '\$64,000 question' is what will happen in respect of the 64 remaining measures? While welcoming the opportunity for consultation, we note that it is very ambitious to conduct an "expedited and thorough" review of many matters in such a short period. Notwithstanding the goal of clearing the decks, it is important that these measures are given due consideration. To add to the challenge in this regard, while some of the 64 measures have an impact across the wider business community, others are more niche issues, which will be significant for those sectors which are affected (for example, the proposed changes for venture capital investment).

The starting point is that the Government has a "disposition not to proceed" with the 64 remaining matters. It seems that is based upon a view that the revenue impacts are expected to be "minimal". However, there are other important criteria to consider in reaching the right policy outcome – including the Government's goals of reducing red tape, creating certainty and encouraging productivity.

Comments can be made on many of the 64 remaining matters, such as:

- Many taxpayers will view the reform of the debt/equity integrity rule in section 974-80 as a matter of critical importance.
- For those taxpayers grappling with the compliance burden of the Controlled Foreign Company (CFC) rules, the proposed modernisation of the CFC rules was eagerly expected.
- The codification and clarification of the sovereign immunity rules is important to attracting foreign investment into Australian assets and infrastructure.
- The clarification of the earn out rules has long been expected to clarify an area that affects sales of businesses.

Each of the other measures will also have their own history and rationale for having been announced in the first place. If many of these measures are abandoned, businesses will unfortunately find themselves in the same position of uncertainty.

In summary, the announcement is welcomed. There are many positives that emerge, both in terms of the Government's broader message to business and also in regard to clarification on specific tax measures. The challenge ahead for all parties is to work in a productive and considered manner to legislate promptly as required, to sensibly address the 64 remaining measures and to eliminate the current list of unenacted measures, to ensure that we do not recreate a similar problem of many long-outstanding, unenacted announcements in the future, and to embark next year upon an appropriate and wide-ranging tax reform process.

Actions for business

For those measures that will proceed as announced or proceed with amendments, business can now set about dealing with the relevant measures. For example, balance sheet restructuring will be required in some cases in order to comply with the new thin capitalisation measures.

The road map

As mentioned above, on 6 November 2013, the Government announced its position regarding the backlog of 96 announced but unlegislated tax and superannuation measures.

Full list of measures

A full list of the measures that the Government has announced is set out in the table below and is broken down into the following categories:

- Measures that will proceed as announced
- Measures that will proceed with amendments
- Measures that will not proceed
- Measures for which further consultation is required.

Exposure draft legislation to repeal the minerals resource rent tax and the carbon tax has already been released by the Government.

Proceed as announced

The Government will proceed with 18 unenacted measures as originally announced. Among these measures, are the following:

1. Denying access to the research and development (R&D) tax incentive for companies with income of \$20 billion or more
2. Introducing a withholding regime for foreign residents who are disposing of taxable Australian property and amendments to clarify the operation of Australia's taxing rights over indirect interests in Australian real property
3. Introducing a new regime for managed investment trusts
4. Implementing element 3 of the investment manager regime
5. Preventing dividend washing
6. Phasing out of the net medical expenses tax offset
7. Increasing excise on tobacco and tobacco-related products
8. Restricting the immediate deduction for the cost of acquiring mining rights so that it is only available for genuine exploration activities
9. Closing 'loopholes' in the consolidation regime including in relation to "entities claiming double deductions"
10. Signing and enacting an intergovernmental agreement between Australia and the United States in respect of the U.S. *Foreign Account Tax Compliance Act*.

Proceed with amendments

The Government will proceed with the following measures, with amendments reflecting a change in Government policy:

- Addressing tax structures that seek to shift profits by “artificially loading debt into Australia”:
 - Section 25-90 will not be repealed. This decision, which relates to interest deductions, is welcomed. However, the Government will commence consultation on a targeted integrity rule to address certain arrangements
 - The thin capitalisation changes will proceed as previously announced. These changes include a reduction in the general safe harbour from 75 per cent of adjusted Australian assets (i.e. 3:1 debt-to-equity ratio) to 60 per cent (1.5:1 debt-to-equity ratio), a reduction in the worldwide gearing ratio from 120 per cent to 100 per cent, an extension of the worldwide gearing test to inbound investors, and an increase in the *de minimis* threshold from \$250,000 to \$2 million of debt deductions, including interest
 - Previously announced changes to the exemption for foreign non-portfolio dividends (section 23AJ) will proceed, so that the provision applies to returns on foreign non-portfolio equity interests
- Closing loopholes in the Offshore Banking Unit (OBU) regime:
 - Provisions will be introduced to address integrity issues associated with related-party dealings and to better target the regime to genuine mobile financial sector activities
 - The measure to exclude all related-party dealings, however, will not proceed. Targeted rules will be introduced to address integrity concerns.

The Government will also proceed with the previously announced measure to restrict refunds for overpaid GST, with amendments to address a recent Administrative Appeals Tribunal decision.

Will not proceed

The Government will not proceed with seven measures. As a result:

- The proposed amendment to the fringe benefits tax arrangements for motor vehicles will not proceed
- The proposed \$2,000 cap on deductions for self-education expenses will not be introduced
- A tax for earnings above \$100,000 per annum on superannuation assets supporting retirement income streams will not be enacted
- A separation of the low-value import threshold for customs duty and goods and services tax (GST) purposes will not proceed.

Further consultation required

The Assistant Treasurer will conduct consultation on the bulk of unlegislated and unresolved tax and superannuation changes – some 64 measures – over the next two weeks. The Government currently has “a disposition not to proceed” with these measures, among which are the following:

1. R&D tax incentive – quarterly credits
2. Venture Australia – enhancing taxation arrangements for venture capital
3. Bad debts – ensuring consistent treatment in related-party financing arrangements
4. Capital gains tax (CGT) – strengthening integrity provisions in the scrip-for-scrip roll-over
5. Taxation of financial arrangements (TOFA) – amendments to tax-hedging rules

6. Reform of the foreign source income attribution regimes (i.e. controlled foreign companies)
7. CGT treatment of earn out arrangements
8. Income tax treatment of instalment warrants
9. Taxation exemption for foreign governments (sovereign immunity)
10. Loss recoupment rules – multiple classes of shares and correction of minor technical issues
11. Securities lending arrangements to address insolvency issues
12. Functional currency rules – extending the range of entities that can use functional currency
13. CGT – restructure rollovers and treatment of revenue assets and trading stock
14. Superannuation – greater certainty in relation to fund mergers
15. Debt/equity rules – limiting the scope of the integrity rule
16. Simplified imputation system – completion of the rewrite of the imputation integrity rules
17. Off-market share buybacks – implement the Board of Taxation recommendations to modify treatment of such buybacks
18. Foreign currency regulations – technical and compliance cost-saving amendments
19. Uniform capital allowance regime – technical changes
20. GST – cross border transactions – ‘connected with Australia’ rules
21. GST administration – review of multi-party transactions
22. GST administration – simplifying grouping rules
23. GST administration – reverse charge for going concerns and farm land and supplies of farm land for farming
24. GST administration – clarify treatment of tax law partnerships.

These measures include proposals that have been outstanding for some time, and although the Government indicates that the fiscal impact of these remaining measures is expected to be minimal, some of the proposals have been keenly anticipated by business and some measures may have been taken into account in income tax returns in anticipation of their enactment in accordance with advised ATO administrative treatment. This is acknowledged by the Government, which indicated that:

- There will be legislated protection for taxpayers who have self-assessed (e.g. to reduce their income tax liability) in accordance with announced changes that the Government will not proceed with and
- Taxpayers who have complied with previous announcements that will no longer proceed, and have paid additional tax, will be entitled to a refund. Companies should identify such potential refund opportunities.

Details of the consultation process have yet to be announced, although the Government noted that it will be “an expedited and thorough review with industry, focusing on whether there are any unintended consequences from not proceeding with the measures or whether there are compelling reasons why the measure should proceed”.

The Government also added that “the integrity of our tax system will further be enhanced by a range of other reforms to be announced in coming months”. The Government has yet to indicate the nature of these reforms and the timeframe and priorities for their enactment.

Proceed as announced				
Item	Measure title and description	Announcement	Date of effect	Net financial impacts (\$m, UCB) already provisioned in the forward estimates^
1	Anti-smoking strategy — staged increases in excise on tobacco and tobacco-related products. 12.5 per cent increases in tobacco excise on 1 Dec 2013, and 1 Sept 2014, 2015 and 2016.	Economic Statement 2013	1-Dec-13	5,240.0
2	Protecting the corporate tax base from erosion and loopholes – targeting the deduction for exploration to genuine exploration activity. Restricts the immediate deduction for the cost of acquiring mining rights, so that it is only available for genuine exploration activities (as originally intended).	2013-14 Budget 14-May-13	14-May-13	1,100.0
3	A plan for Australian jobs — research and development tax incentive — better targeting. Denies access to the R&D tax incentive for large companies with incomes of \$20 billion or more.	2013-14 Budget 14-May-2013 Media release 17-Feb-2013	1-Jul-13	1,050.0
4	Personal income tax — net medical expenses tax offset phase out. Proceeds with phasing out the net medical expenses tax offset, with transitional arrangements for current claimants.	2013-14 Budget 14-May-2013	1-Jul-13	963.5
5	Excise and excise-equivalent customs duty — index tobacco excise to average weekly ordinary time earnings. Indexes tobacco excise to AWOTE instead of CPI, from March 2013	2013-14 Budget 14-May-2013	1-Mar-14	740.0
6	Protecting the corporate tax base from erosion and loopholes — closing loopholes in the consolidation regime. Improves the integrity of the consolidation regime and prevents entities claiming double deductions.	2013-14 Budget 14-May-2013	14-May-13	540.0
7	Tax compliance – improving compliance through third party reporting and data matching. Enhances the information reported to the ATO to improve taxpayer compliance.	2013-14 Budget 14-May-2013	1-Jul-14	354.0
8	Superannuation reforms — transfer of lost member accounts to the ATO. Increases the threshold below which lost accounts are required to be transferred to the ATO from \$2,000 to \$4,000, and then to \$6,000.	14 May 2013 and 2 August 2013	31-Dec-15	815.9
9	Protecting the corporate tax base from erosion and loopholes — improving the integrity of the foreign resident capital gains tax regime: withholding tax regime and technical amendments. Addresses issues in administering Australia's foreign capital gains tax regime;	2013-14 Budget 14-May-2013	1-Jul-16 14-May-13	219.2

Proceed as announced				
Item	Measure title and description	Announcement	Date of effect	Net financial impacts (\$m, UCB) already provisioned in the forward estimates^
	and also clarifies the operation of Australia's taxing rights over indirect Australian real property interests.			
10	Managed investment trusts – government response to the Board of Taxation review. Introduces a new tax regime for managed investment trusts which will increase certainty and reduce compliance costs.	2009-10 Budget 2010-11 Budget 2012-13 MYEFO	1-Jul-14	-195.0
11	Protecting the corporate tax base from erosion and loopholes — preventing 'dividend washing.' Closes a loophole that enables sophisticated investors to 'double dip' on franking credits.	2013-14 Budget	1-Jul-13	60.0
12	Farm finance — support for farmers — farm management deposits scheme. Increases the off-farm income exclusion threshold and facilitates consolidation of deposits.	2013-14 Budget 14-May-2013 Media Release 27-April-13	1-Jul-14	-13.0
13	Philanthropy — updating the list of specifically listed deductible gift recipients— Bali Peace Park. Allows Bali Peace Park to collect gifts that are tax deductible for the donor	Economic Statement 2013	16-Dec-11	-0.4
14	Philanthropy – updating the list of specifically listed deductible gift recipients – National Arboretum Canberra. Allows the National Arboretum Canberra to collect gifts that are tax deductible for the donor.	PEFO 2013	1-Jul-13	..
15	Foreign Account Tax Compliance Act — Australia and the US commence discussions. To work towards signing and enacting a treaty-status IGA with the US to enable the financial sector to comply with US FATCA reporting rules.	Media Release November 2012	Royal Assent	0.0
16	International tax — revised Australia-Switzerland tax treaty. Gives force of law to the revised Australia-Switzerland tax treaty.	Economic Statement 2013	1-Jul-15	0.0

Proceed as announced				
Item	Measure title and description	Announcement	Date of effect	Net financial impacts (\$m, UCB) already provisioned in the forward estimates^
17	Managed investment trust withholding tax — providing certainty for foreign pension funds. Allows pension funds to access the managed investment trust withholding tax regime (as intended).	Economic Statement 2013	1-Jul-08	0.0
18	International tax — investment manager regime prospective arrangements (element 3). Extends the conduit income measure to exempt foreign managed funds from tax on gains from the disposal of foreign non-portfolio investments; and to exempt those funds from tax on gains from the disposal of certain portfolio Australian financial arrangements.	2012-13 Budget 8-May-12 Media Release 6-Dec-11	1-Jul-11	*
Total				10,874.2

UCB = Underlying Cash Balance

^ The financial impact of agreeing to proceed with these measures is zero since they are already provisioned in the forward estimates.

Proceed with amendment					
Item	Measure title and description	Publication	Start date	Net financial impacts (\$m, UCB) over forward estimates, as originally announced	Net financial impacts of decisions (\$m, UCB) over forward estimates
19	<p>Protecting the corporate tax base from erosion and loopholes – addressing aggressive tax structures that seek to shift profits by artificially loading debt into Australia — proceed with amendments.</p> <ul style="list-style-type: none"> Tightening and improving the thin capitalisation rules is to proceed as previously announced. Changes to the exemption for foreign non-portfolio dividends is to proceed as previously announced. The abolishment of the section 25-90 deduction will not proceed. Instead the Government will commence consultations on a targeted integrity rule to address certain conduit arrangements. <p>Not proceeding with the abolishment of the section 25-90 deduction will reduce compliance costs and red tape.</p>	<p>2013-14 Budget Media Release 71 of 14-May-13</p>	1-Jul-14	1490.0	-600.0
20	<p>Protecting the corporate tax base from erosion and loopholes — closing loopholes in the Offshore Banking Unit regime – proceed with amendments. Addresses integrity issues associated with related party dealings and better targets the regime to genuine mobile financial sector activities. The Government will not proceed with the measure to exclude all related party dealings but instead will develop targeted rules to address integrity concerns.</p>	<p>2013-14 Budget 14-May-13</p>	1-Oct-13	320.0	-100.0
21	<p>Proceed with previously announced measure to restrict GST refunds — proceed with amendments. Restricts refunds of overpaid GST. Amendments will address a recent AAT finding it doesn't have jurisdiction to consider refund matters.</p>	<p>2012-13 MYEFO</p>	17-Aug-12	-2.0	0.0
Total				-1,808.0	-700.0

UCB = Underlying Cash Balance

Do not proceed				
Item	Measure	Publication	Start date	Net financial impacts (\$m, UCB) for not proceeding
22	Fringe benefits tax — treatment of car fringe benefits – do not proceed. Does not proceed with an amendment to the fringe benefits arrangements for cars.	Economic Statement 2013	1-Apr-14	-1,794.9
23	Imposing a tax for earnings on superannuation assets supporting retirement income streams — do not proceed. Does not proceed with a tax on investment earnings above \$100,000 p.a. on superannuation assets supporting retirement income streams.	2013-14 Budget 14-May-13 Media release 4-April-13	1-Jul-14	-313.0
24	Imposing a cap to work-related self-education expenses — do not proceed. Does not proceed with introducing an annual \$2,000 cap on work-related self-education expense deductions.	2013-14 Budget and Economic Statement 2013	1-Jul-15	-266.7
26	Reforms to retirement incomes — establishment of a council of superannuation guardians — do not proceed. Does not proceed with the creation of the Super Council or the Charter of Superannuation Adequacy and Sustainability.	Economic Statement 2013	Royal Assent	7.5
27	Luxury car tax — tax-free importation of cars by public museums — do not proceed. Does not proceed with legislative amendments to allow public museums and other eligible entities to import cars free of the luxury car tax.	2011-12 Budget 11-May-11	Royal Assent	1.5
28	Philanthropy — updating the list of specifically listed deductible gift recipients - Tasmanian Centre for Global Learning — do not proceed. Does not proceed with allowing Tasmanian Centre for Global Learning to collect gifts that are tax deductible for the donor.	PEFO 2013 8-Aug-13	1-Jul-13	..
29	Low value import threshold — set threshold by regulation — do not proceed. Does not proceed with the separation of the low value import threshold for customs duty and GST purposes as the Government has not yet considered the business case on the low value import threshold.	Media Release 152 of 3-Jan-12	N.A.	0.0
Total				-2,365.6

UCB = Underlying Cash Balance; N.A. = not applicable

Further consultation required				
Item	Measure	Publication	Start date	Net financial impacts (\$m, FB) over the forward estimates as originally announced
25	Research and development tax incentive — quarterly credits. Allows the R&D refundable tax offset to be provided in quarterly instalments.	2013-14 Budget 14-May-2013 Media release 12-April-13	1-Jan-14	7.1
30	Venture Australia — enhancing taxation arrangements. Makes minor changes to the tax arrangements for venture capital investment and retains Pooled Development Funds.	2013-14 Budget 14-May-2013 Media release 17-Feb-13	Royal Assent	*
31	Comprehensive compliance regime for gaseous fuels. Protects revenue by providing a compliance regime specific to gaseous fuels to ensure untaxed fuel that enters the market is used for the stated purpose.	19 Sept 2012 (on introduction)	Royal Assent	0.0
32	Bad debts — ensuring consistent treatment in related party financing arrangements (symmetric treatment of bad debts). Ensures that if a lender claims a deduction for writing off a debt, then the borrower would recognise a similar amount of income.	2012-13 Budget 8-May-12	8-May-12	80.0
33	Not-for-profit sector reforms — better targeting not-for-profit tax concessions. Protects the revenue base by ensuring that tax concessions provided to not-for-profit entities are targeted only at those activities which further their altruistic purposes.	2011-12 Budget 11-May-11	1-Jul-14	0.0
34	Capital gains tax — strengthening certain integrity provisions in the scrip for scrip roll-over. Tightens the law to make it harder for companies and trusts to avoid capital gains tax when they sell subsidiary companies other than as part of a genuine merger or restructure of a business.	2012-13 Budget 8-May-12	8-May-12	0.0
35	Superannuation — clarifying the operation of certain superannuation trust deed clauses. Ensures that trust deed clauses cannot be used to prevent excess amounts from being counted as contributions.	2011-12 MYEFO Media release 29- Mar-2010	Royal Assent	*
36	Taxation of financial arrangements — amendments to tax hedging rules. Makes minor technical amendments to the taxation of financial arrangements tax hedging rules to provide further clarity.	2011-12 Budget 11-May-11	1-Jul-07	*

Further consultation required				
Item	Measure	Publication	Start date	Net financial impacts (\$m, FB) over the forward estimates as originally announced
37	Philanthropy — reforming the ‘in Australia’ requirements that apply to tax exempt entities. Re-states and clarifies the ‘in Australia’ special conditions for income tax exempt entities and deductible gift recipients to ensure that the relevant entities operate principally in Australia.	2009-10 Budget 12-May-10	Royal Assent	*
38	Superannuation reforms — encouraging the take-up of deferred lifetime annuities. Encourages the take-up of DLAs by providing these products with the same concessional tax treatment that applies to investment earnings on superannuation assets supporting retirement income streams.	2013-14 Budget 14-May-2013 Media release 5-April-13	1-Jul-14	0.0
39	Philanthropy — triennial review of the deductible gift recipient registers. Provides a mechanism to conduct a triennial review of the guidelines for, and organisations on, DGR registers to assess the scope for administrative and policy reform.	2009-10 Budget 12-May-10	1-Jul-13	*
40	GST — Government response to Board of Taxation report: GST administration — changes in use adjustments. Amends the GST change of use provisions to provide higher thresholds, and fewer and shorter adjustment periods.	2009-10 Budget 12-May-10	Royal Assent	*
41	GST — Government response to Board of Taxation report: GST administration — review treatment of vouchers. Reviews the GST treatment of vouchers having regard to international developments.	2009-10 Budget 12-May-10	Royal Assent	*
42	GST — Government response to Board of Taxation report: GST administration — review multi-party transactions. Provides further examination of the treatment of multi-party transactions in order to eliminate unrecoverable tax, having regard to overseas work in this area.	2009-10 Budget 12-May-10	Royal Assent	*
43	Stronger Super — implementation of SuperStream reforms (stronger super reforms — inter-fund consolidation of accounts less than \$1,000). Requires the ATO to initiate consolidation of certain members’ superannuation accounts, affected funds are then required to facilitate consolidation between funds unless the member opts out.	2012-13 Budget 8-May-12	1-Jul-14	#
44	International tax — review of the foreign source income anti-tax-deferral (attribution) regimes. Modernises Australia’s controlled foreign company rules to ensure Australian residents cannot accumulate income in offshore entities and thereby defer, or even avoid Australian tax.	2009-10 Budget 12-May-10	1-Jul-14	*

Further consultation required				
Item	Measure	Publication	Start date	Net financial impacts (\$m, FB) over the forward estimates as originally announced
45	Self-managed superannuation funds — acquisitions and disposals of certain assets between related parties. Prescribes rules for the acquisition and disposal of certain assets between SMSFs and related parties.	2011-12 Budget 11-May-11	1-Jul-13	0.0
46	Capital gains tax — look-through treatment for earn out arrangements. Treats earn out payments as part of the value of the business asset for CGT purposes.	2010-11 Budget 12-May-10	Royal Assent	-15.0
47	(a) Income tax treatment of instalment warrants	2010-11 Budget 12-May-10 Media release 10-Mar-10	1-Jul-07	..
	(b) Look-through treatment of instalment warrants and similar arrangements. Treats an investor in an instalment warrant as the owner of the underlying asset for tax purposes.	2011-12 Budget 11-May-11 Media release 10-Mar-10		
48	GST — Cross border transactions — ‘connected with Australia’ rules. Reduces the number of non-residents who are unnecessarily drawn into Australia’s GST system, improving competitiveness of Australian suppliers.	2010-11 Budget 12-May-10	Royal Assent	..
49	Superannuation — verification of self-managed superannuation funds members and bank accounts [Cooper review]. Ensures superannuation money is transferred to a valid SMSF bank account and provides a register so APRA funds can check SMSF details to meet data and e-commerce standards.	2011-12 Budget 11-May-11	Royal Assent	#
50	Income tax relief for water reforms. Provides CGT and capital allowance roll overs to ensure that tax does not impede water reforms.	2011-12 Budget 11-May-11	1-Jul-09	*
51	Improvements to the tax running balance account provisions. Rewrites the tax law’s RBA provisions to provide more flexibility to manage tax debts and entitlements more efficiently, and in ways more useful to taxpayers.	2010-11 Budget 12-May-10	tbc	*

Further consultation required				
Item	Measure	Publication	Start date	Net financial impacts (\$m, FB) over the forward estimates as originally announced
52	Philanthropy — improving administration of the cultural gifts program. Transfers responsibility for administering the cultural gifts program from the Ministry for the Arts to the ATO to streamline processes and reduce red tape for donors.	13 March 2013 (Arts Minister)	Tbc	0.0
53	(a) Capital gains tax — relief for taxpayers affected by natural disasters	2011-12 MYEFO November 2011 Media release 9-10-2011	1-Jul-11	*
	(b) Capital gains tax — broadening relief for taxpayers affected by natural disasters. Provides CGT relief for taxpayers participating in replacement asset programs after a natural disaster.	2012-13 Budget 8-May-12		
54	GST — Government response to Board of Taxation report: GST administration — pre-registration adjustments. Allows an entitlement for an adjustment to the extent of the remaining economic value for things acquired before an entity was registered for GST.	2009-10 Budget 12-May-10	Royal Assent	*
55	GST — Government response to Board of Taxation report: GST administration — reverse charge for going concerns and farm land and supplies of farmland for farming. Replaces the GST free concessions for the supply of going concerns and farm land supplied for farming with a reverse charge mechanism.	2009-10 Budget 12-May-10	Royal Assent	*
56	GST — Government response to Board of Taxation report: GST administration — adjustments on cessation of registration. Removes requirement for GST registered entities to make adjustments in the event that they deregister, provided the goods are effectively exported and used in the non-Australian enterprise.	2009-10 Budget 12-May-10	Royal Assent	*
57	Capital gains tax and other roll-overs for amalgamations of indigenous corporations. Provides a CGT roll-over for Aboriginal and Torres Strait Islander corporation amalgamations.	2011-12 Budget 11-May-11	1-Jul-07	*

Further consultation required				
Item	Measure	Publication	Start date	Net financial impacts (\$m, FB) over the forward estimates as originally announced
58	Taxation exemptions for foreign governments (sovereign immunity). Clarifies and codifies the exemption currently provided to foreign governments and their investment bodies for dividend and interest income from passive investment in Australia.	2005-06 MYEFO Media Release 4-Nov-05	Royal Assent	0.0
59	Loss recoupment rules — multiple classes of shares. Improves the operation of the tax loss rules in a limited range of circumstances (i.e. where a company has non-standard classes of shares or when it joins a consolidated group).	2008-09 Budget	1-Jul-02	#
60	Securities lending arrangements tax rules – extending the scope to address insolvency issues. Addresses industry concerns about the tax treatment of securities lending arrangements.	2011-12 Budget 11-May-11	1-Jul-08	*
61	Functional currency rules — extending the range of entities that can use a functional currency. Allows trusts and partnerships to use the functional currency rules when preparing their Australian income tax returns.	2011-12 Budget 11-May-11	Royal Assent	*
62	Capital gains tax — exemption for incentives related to renewable resources or for preserving environmental benefits. Exempts from CGT rights to Government incentives related to renewable resources and preserving environmental benefits.	2011-12 Budget 11-May-11	1-Jul-07	..
63	(a) Capital gains tax — minor amendments ensuring the proper functioning of the capital gains tax provisions — deceased estates	2011-12 Budget 11-May-11	Royal Assent	..
	(b) Capital gains tax — refinements to the law — deceased estates. Allows testamentary trusts to distribute the assets of a deceased without CGT implications.	2012-13 Budget 8-May-12		
64	(a) Capital gains tax — minor amendments ensuring the proper functioning of the capital gains tax provisions — life insurance policies	2011-12 Budget 11-May-11	1-Jul-07	..
	(b) Capital gains tax — broadening the exemptions for certain compensation payments and insurance policies. Exempts from CGT certain compensation payments and life insurance policies received by super funds and trustees.	2012-13 Budget 8-May-12		

Further consultation required				
Item	Measure	Publication	Start date	Net financial impacts (\$m, FB) over the forward estimates as originally announced
65	(a) Capital gains tax — minor amendments ensuring the proper functioning of the capital gains tax provisions — restructure roll-overs	2011-12 Budget 11-May-11	(a) 1-Nov-08	..
	(b) Capital gains tax — amendment to include concessional treatment for revenue assets and trading stock	2011-12 MYEFO November 2011	(b) 10-May-11	
	(c) Capital gains tax — amendment to the revenue asset and trading stock roll-overs for interposing a company. Extends the CGT roll-overs for business restructures.	2012-13 Budget 8-May-12	(c) 8-May-12	
66	Superannuation — greater certainty in relation to fund mergers. Clarifies that the proportioning rule in the superannuation tax law does not apply to fund mergers.	2012-13 MYEFO	1-Jul-14	0.0
67	Stronger Super — unlawful payments from regulated superannuation funds — promotion of illegal early release schemes. Introduces penalties for promoting schemes designed to obtain the illegal release of superannuation benefits.	2011-12 Budget 11-May-11	Royal Assent	#
68	Stronger Super — self managed super funds — rollovers to SMSFs. Makes rollovers to SMSFs a 'designated service' under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006, requiring super funds to introduce additional checks and safeguards.	2011-12 Budget 11-May-11	1-Jul-13	#
69	Stronger Super — self managed super funds-administrative directions and penalties. Gives the ATO flexible and cost-effective penalty options to deal with SMSFs that breach the law.	2011-12 Budget 11-May-11	1-Jul-13	#
70	SuperStream — transferring superannuation contributions with no TFN to the ATO. Requires superannuation funds to transfer superannuation contributions without an associated tax file number to the ATO as unclaimed money.	2011-12 Budget 11-May-11	1-Jul-13	0.0
71	Stronger Super — unlawful payments from regulated superannuation funds — income tax rates amendment. Taxes super benefits received illegally at 45 per cent plus Medicare levy.	2011-12 Budget 11-May-11	1-Jul-13	#

Further consultation required				
Item	Measure	Publication	Start date	Net financial impacts (\$m, FB) over the forward estimates as originally announced
72	SuperStream — new employee engagement process. Integrates processes for tax file number declaration and choice of superannuation fund and prompts members to consolidate accounts.	21 Sept 2011, 2012-13 Budget 8-May-12	1-Jul-14	#
73	Superannuation — require funds to report contributions either quarterly or every six months. Requires funds to notify members whether contributions have been received, either quarterly or six monthly (to alert members about unpaid superannuation).	2011-12 Budget 11-May-11	1-Jul-13	..
74	Debt/equity tax rules — limiting scope of integrity rule. Limits the scope of an integrity provision in the debt/equity rules to prevent unintended outcomes.	2011-12 MYEFO November 2011	1-Jul-01	*
75	Components of the simplified imputation system. Completes the re write of the imputation integrity rules.	Treasurer PR 16 of 22 March 2001	1-Jul-02	0.0
76	Off-market share buybacks — implementing the board of taxation recommendations. Implements the recommendations of the Board of Taxation's 2008 report on modifying the taxation treatment of off-market share buy backs.	2009-10 Budget 12-May-10	Royal Assent	*
77	Consolidation — calculation and collection of income tax liabilities. Amends minor technical deficiencies in respect to calculation and collection of income tax liabilities for consolidated groups.	2010-11 Budget 12-May-10	1-Jul-02	0.0
78	Improvements to the company loss recoupment rules. Modifies company loss recoupment rules to correct minor technical issues.	2011-12 Budget 11-May-11	1-Jul-11	*
79	GST — Government response to Board of Taxation report: GST administration — simplify grouping rules. Broadens and simplifies the GST grouping membership rules and enables holding companies to be entitled to register and group for GST purposes.	2009-10 Budget 12-May-10	Royal Assent	*

Further consultation required				
Item	Measure	Publication	Start date	Net financial impacts (\$m, FB) over the forward estimates as originally announced
80	GST – Government response to Board of Taxation report: GST administration – clarify treatment of general law partnerships. Clarifies the treatment of general law GST partnerships.	2009-10 Budget 12-May-10	Royal Assent	*
81	GST – Government response to Board of Taxation report: GST administration – technical amendments to adjustment provisions. Amends the GST law to ensure consistency and certainty in the use of the terms 'apply' and 'application' in the adjustment provisions.	2009-10 Budget 12-May-10	Royal Assent	*
82	GST – Government response to Board of Taxation report: GST administration – GST-clarifying treatment of bare trust. Clarifies the GST treatment of bare trusts.	2009-10 Budget 12-May-10	Royal Assent	*
83	Uniform capital allowance regime – technical changes. Amends some minor deficiencies in the asset depreciation (capital allowance) rules and improves certainty for taxpayers in limited circumstances.	2009-10 Budget 12-May-10	1-Jul-01	*
84	Consolidation – operation of the rules following a demerger. Addresses minor technical issues that can sometimes arise for consolidated groups following a demerger.	2010-11 MYEFO	9-Nov-10	0.0
85	Taxation of financial arrangements – foreign currency regulations – technical and compliance cost savings amendments. Makes minor technical amendments to the foreign currency provisions to provide further clarity.	2004-05 MYEFO December 2004	1-Jul-03	*
86	Consolidation – further improvements to the operation of the income tax law for consolidated groups – changes to depreciation rates. Denies the use of certain depreciation arrangements by a tax consolidated group in certain circumstances.	2007-08 Budget 9-May-07	1-Jul-02	*

Further consultation required				
Item	Measure	Publication	Start date	Net financial impacts (\$m, FB) over the forward estimates as originally announced
87	Consolidation — further improvements to the operation of the income tax law for consolidated groups — extending the single entity rule to discount capital gains and CGT event K6. Modifies the capital gains tax integrity rules to address interactions with the consolidation regime.	2007-08 Budget 9-May-07	8-May-07	*
88	Consolidation — further improvements to the operation of the income tax law for consolidated groups — distribution of net income upon entry or exit of a trust. Clarifies the tax outcome for the beneficiaries of a trust that joins or leaves a consolidated group part way through the income year.	2007-08 Budget 9-May-07	1-Jul-07	*
89	Definition of ‘not-for-profit’ in the tax laws. Provides a definition of ‘not-for-profit’ in the tax laws.	17-Apr-12	tbc	0.0
90	GST — Government response to Board of Taxation report: GST administration — shortfall interest charge. Applies the shortfall interest charge to GST and other taxes reported on the BAS.	2009-10 Budget 12-May-10	Royal Assent	*
91	GST — Government response to Board of Taxation report: GST administration — cash and accrual accounting. Proposes the Government consider the merits of all transactions above a certain value (and meeting other criteria) be accounted for using accrual accounting.	2009-10 Budget 12-May-10	Royal Assent	*
92	GST — Government response to Board of Taxation report: GST administration — clarify treatment of tax law partnerships. Clarifies the GST treatment of tax law partnerships, including where a tax law partnership is formed or dissolved and when it makes a supply or an acquisition.	2009-10 Budget 12-May-10	Royal Assent	*
Total				72.1

FB = Fiscal Balance; *=unquantifiable; ..=not zero, but rounded to zero; # = separate elements from single measure at announcement – costs not available

Contacts



David Watkins
Partner, National Tax
Tel: +61 2 9322 7251
dwatkins@deloitte.com.au



Paul Riley
National Managing Partner, Tax
Tel: +61 3 9671 7850
pbriley@deloitte.com.au

Contact us

Deloitte
225 George Street
Sydney, New South Wales
Australia
Tel: +61 2 9322 7000
Fax: +61 2 9322 7001
www.deloitte.com.au

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