



ASSISTANT TREASURER

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DRAFT LEGISLATION TO PROVIDE CAPITAL GAINS TAX RELIEF FOR IRRIGATORS OVER REPLACEMENT WATER ENTITLEMENTS

The Assistant Treasurer, Senator Nick Sherry, has today released an exposure draft of legislation to provide capital gains tax (CGT) roll-over for changes to water entitlements.

“The water entitlement roll-over ensures that CGT is not a barrier to transformation,” the Assistant Treasurer said.

“In particular, this roll-over allows irrigation infrastructure operators to restructure their arrangements with member irrigators without immediate CGT consequences.”

The amendments also allow taxpayers to include any termination fees they incur in relation to an asset in the asset’s cost base. This change applies to all assets and not just those relating to irrigation.

“The Government has decided to extend this roll-over so the tax system isn’t an obstacle to transformation and the efficient use of water,” the Assistant Treasurer said.

The CGT roll-over applies from 2005-06 income year. The termination fee cost base amendments apply from 1 July 2008. Transitional provisions apply to ensure taxpayers are not retrospectively disadvantaged by these changes.

Copies of the consultation materials are available at www.treasury.gov.au. Consultation closes on Friday 30 April.

SYDNEY

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