

GOVERNMENT TO AMEND CAPITAL GAINS TAX RULES FOR DUAL LISTED COMPANIES

The Assistant Treasurer, Senator Nick Sherry, today announced that the Rudd Government will amend the income tax law to make it easier for companies participating in dual listed company arrangements to access capital gains tax (CGT) demerger provisions.

The CGT rules allow companies in dual listed company arrangements to exclude their special voting shares when determining their eligibility to defer CGT on demergers.

Currently, a company must meet the legislative definition of a 'dual listed company arrangement' which requires companies to have common or almost identical boards of directors in order to make use of CGT demerger provisions.

But in some cases, companies may be unable to meet the dual listed company arrangement requirements because other regulations prevent them from having common or identical boards of directors.

The Government will amend the definition of a 'dual listed company arrangement' so that companies will not have to meet the common or identical boards of directors requirement if regulations prevent them from doing so.

"The Government is committed to lowering compliance costs affecting business," the Assistant Treasurer said.

"This amendment will allow companies who may be prevented from having an identical board to enter into dual listed company arrangements knowing that they will still be eligible for the capital gains tax deferral."

The amendments to the dual listed company arrangement definition will form part of legislation implementing into domestic law three tax treaties the Rudd Government signed earlier this year with New Zealand, Belgium and Jersey.

"These treaties will provide real benefits to Australian taxpayers and further Australia's efforts in the fight against tax evasion," the Assistant Treasurer said.

"The Government wishes to introduce the Bill before the end of this year's parliamentary sittings but, as is normal practice with treaty Bills, will not do so until such time as the Joint Standing Committee on Treaties has completed its report and this is considered by the Government."

The Government will conduct targeted consultation on the Bill and explanatory materials. Those individuals or organisations wishing to make a submission can contact Treasury on Taxtreatyimplementation@treasury.gov.au

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