

LEGISLATION INTRODUCED TO GIVE EFFECT TO NEW ZEALAND TAX TREATY AND BOOST TAX TRANSPARENCY AGENDA

The Rudd Government has today introduced into Parliament a Bill to give effect to three international taxation treaties that will further improve investment and trade flows between Australia and New Zealand and boost the Rudd Government's efforts to combat global tax evasion.

The *International Tax Agreements Amendment Bill (No. 2) 2009* will give effect to the tax treaty between Australia and New Zealand signed in Paris on 26 June 2009. The treaty updates and modernises the bilateral tax arrangements between Australia and New Zealand and the Bill inserts the text of the new treaty into the *International Tax Agreements Act 1953* and repeals the existing treaty.

"Australia and New Zealand share a unique, close and deep relationship and this Bill will ensure taxpayers on both sides of the Tasman benefit as the two countries forge even closer bilateral ties," the Assistant Treasurer said.

"Tax treaties facilitate trade and investment by reducing barriers caused by double taxation and in this case, our strong relationship increases even further the importance of maintaining up-to-date tax arrangements between both countries."

Key outcomes from the treaty include:

- reduced withholding taxes on certain inter-corporate dividends, and their complete removal on others;
- the removal of withholding tax on interest payments made to unrelated financial institutions or to the Australian and New Zealand governments;
- lower royalty withholding tax;
- the extension of treaty benefits to Australian managed investment trusts;
- the cross recognition of the tax exempt status of pensions in both Australia and New Zealand; and

- a short-term secondment provision which will preclude individuals from being caught up in the other country's tax system when they are seconded to that other country for less than 90 days.

The Bill will also give domestic legal effect to two other treaties, one with Belgium and one with Jersey.

"These two treaties directly support the Rudd Government's efforts to combat global tax evasion through the establishment of effective exchange of information arrangements with other countries," the Assistant Treasurer said.

"Both Belgium and Jersey have made significant progress in implementing effective exchange of information, with both jurisdictions joining the global push against tax havens."

The legislation and explanatory materials are available at www.aph.gov.au.

CANBERRA
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