

## **PASSAGE OF BUDGET BILL DELIVERS \$835 MILLION TO BOTTOM LINE**

The Assistant Treasurer, Senator Nick Sherry, today welcomed the passage of the *Tax Laws Amendment (2009 Budget Measures No. 2) Bill 2009* through the Senate.

The Bill amends the tax laws in relation to non-commercial losses and employee share schemes (ESS) resulting in \$835 million in revenue.

"These Budget measures demonstrate the Rudd Government's ongoing fiscal responsibility," said the Assistant Treasurer.

"These laws also deliver a higher level of integrity to our tax system by ensuring everyone is paying their fair share of taxes, which is in line with the Government's commitment to make sure our tax system applies fairly and equitably to all Australians."

In detail, the Bill included amendments covering:

- Tightening the rules around hobby-farms and non-commercial losses – individuals with an adjusted taxable income of \$250,000 or more will be unable to offset deductions from non-commercial business activities against their salary, wage or other income. This measure will add \$700 million to the Budget bottom line over the forward estimates.
- Reforming the taxation of employee share schemes – employers will be subject to reporting requirements, only employees with an adjusted taxable income of less than \$180,000 will be eligible for the upfront tax exemption, and a real risk of forfeiture requirement for shares or rights over which tax is being deferred will improve corporate governance outcomes. This measure will also contribute \$135 million to Budget revenue over the forward estimates.

"With the reform to the taxation of employee share schemes, the Government will better target eligibility for the tax concessions and reduce opportunities for tax avoidance," the Assistant Treasurer said.

"I thank the community and stakeholders in both the employee share scheme and farming areas for their input and involvement in the development and finalisation of this legislation."

CANBERRA

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