

TAX LAWS PASSED BY PARLIAMENT PROTECT \$655M IN REVENUE

The Assistant Treasurer, Senator Nick Sherry, today welcomed the passage of the *Tax Laws Amendments (2009 Measures No. 5) Bill 2009* through the Senate.

One of the six amendments passed will result in the protection of \$655 million in revenue, by ensuring the liquidator of an insolvent company will be responsible for paying Goods and Services Tax (GST) on transactions made in their capacity as the liquidator of that insolvent company.

"This revenue, collected since the introduction of the GST, had been put at risk as a result of a Federal Court decision last year concerning insolvency and the application of the goods and services tax," the Assistant Treasurer said.

"Today's legislation will protect this \$655 million and is a further example of the Rudd Government's commitment to improving the tax system and sustaining national revenue."

The legislation also contains an important measure to improve the neutrality of the tax system and the efficiency of financial markets by exempting Commonwealth Government Securities from interest withholding tax.

Further, the legislation contains a measure which ensures that the new Taxation of Financial Arrangements (TOFA) legislation does not unintentionally lead to a reduction in Pay As You Go (PAYG) instalments.

"The Government would undertake consultation on a more appropriate method for dealing with the interaction between the TOFA legislation and the PAYG instalments system that will have regard to taxpayer compliance costs," the Assistant Treasurer said.

Finally the legislation will make a difference to the lives of many Australians eligible for special payments or specific tax treatment arising from a natural disaster. Specifically, the legislation will:

- exempt from income tax outer regional and remote payments made under the Helping Children with Autism package;
- exempt from income tax payments under the Continence Aids Payment Scheme; and

- allow the Victorian Bushfire Appeal Fund to conduct a broader range of charitable and community activities.

"These amendments will have a real, positive and direct impact on many Australians," the Assistant Treasurer said.

"These changes will remove income tax in relation to payments for specific health issues, as well as contribute to the reconstruction of Victorian bushfire-affected communities."

The Bill will become law following Royal Assent and a proclamation date is expected to be announced before the end of the year.

CANBERRA
26 November 2009