

TAX RELIEF FOR INVESTORS IN INSTALMENT WARRANTS

The Assistant Treasurer, Senator Nick Sherry, has today announced the Rudd Government's plans to amend the tax law to confirm the practice of treating the investor in an instalment warrant over a single exchange traded security in a company, trust or stapled entity as the owner of the listed security for income tax purposes.

"This will benefit investors in instalment warrants primarily by confirming there is no capital gains tax (CGT) event at the time of the last instalment," the Assistant Treasurer said.

"Strictly speaking, investors who, for example, buy instalment warrants over shares would have to pay CGT when they pay the last instalment."

"These changes will ensure investors in instalment warrants over listed securities don't have to meet their capital gains obligations until they sell those investments."

The income tax amendments will apply for assessments for the 2007-08 and later income years.

Initial consultation will be undertaken on the design of these tax amendments with a consultation paper providing further information about this proposal available at www.treasury.gov.au.

The Government will also release an exposure draft of the legislation at a later date.

This measure complements the announcement also made today by the Minister for Financial Services, Superannuation and Corporate law, the Hon Chris Bowen MP, that the Government will amend the Corporations Regulations 2001 to provide that instalment warrants acquired by superannuation funds consistent with the *Superannuation Industry (Supervision) Act 1993* are financial products under the *Corporations Act 2001*, and associated tax changes.

Details of that measure are available at <http://ministers.treasury.gov.au>

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