



## **ASSISTANT TREASURER**

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**PRESS  
RELEASE**

### **PARLIAMENT APPROVES RUDD GOVERNMENT'S TAX PROTECTION PACKAGE FOR INVESTORS IN FORESTRY MANAGED INVESTMENT SCHEMES**

The Assistant Treasurer, Senator Nick Sherry, today welcomed the passage through Parliament of amendments that protect investors in forestry managed investment schemes (MIS) from an adverse and unintended tax outcome.

"On 21 October 2009, I announced that the Rudd Government would amend the tax law to provide certainty to investors in forestry managed investment schemes," the Assistant Treasurer said.

"Today I'm pleased to see that the amendments have been passed by Parliament."

"These amendments mean investors can be certain they will not have their previously claimed tax deductions denied if they fail to hold their forestry investments for four years for reasons genuinely outside of their control."

"Last year when Timbercorp and Great Southern collapsed, there was a real risk that investors would have their deductions clawed back, as a result of the winding up or restructuring of some forestry MIS."

"The Rudd Government believes denying the deduction in the circumstances of these unforeseen scheme collapses would have unduly penalised investors."

Under the amendments, an investor's deduction is allowed to stand where the four-year holding rule is failed due to events beyond the control of the investor.

These events include the insolvency of the MIS manager, the death of the investor or where an MIS interest is cancelled, for example because of trees being destroyed by fire, flood or drought.

"The changes to the four-year rule do not alter the promoter penalties provisions – they continue to operate as a robust integrity measure," the Assistant Treasurer said.

The promoter penalty provisions are designed to discourage the implementation of schemes covered by an Australian Taxation Office product ruling in a way that is materially different from the product ruling.

"The legislation strikes the right balance between protecting certain investors' deductions and discouraging excessively risky behaviour," the Assistant Treasurer said.

CANBERRA

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