



ASSISTANT TREASURER

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**PRESS
RELEASE**

AMENDMENTS TO BOOST THIN CAPITALISATION TAX LAWS

Important amendments to the thin capitalisation tax rules as they apply to authorised deposit taking institutions (ADIs) have been introduced into Parliament today, said the Senator Nick Sherry, the Assistant Treasurer.

This important tax integrity measure is included in the *Tax Laws Amendment Bill (2010 Measures No. 3) Bill 2010*.

“The thin capitalisation regime is designed to ensure Australian and foreign-owned multinational entities do not allocate an excessive amount of global debt to their Australian operations to inappropriately reduce their Australian profits or tax,” the Assistant Treasurer said.

The amendments to this important tax integrity measure were necessary following changes to Australian accounting standards.

“This reform was announced in the 2009-10 Budget and the final legislation has been drawn up after taking into account the views of industry and stakeholders during consultation.”

The measure applies to ADIs and clarifies how treasury shares, the business insurance asset known as excess market value over net assets (EMVONA) and capitalised software costs are treated under the thin capitalisation provisions.

The amendments have effect from 1 January 2009.

Copies of the legislation and the explanatory material can be obtained at www.treasury.gov.au

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