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**PRESS
RELEASE**

BILL INTRODUCED TO IMPROVE TAX LAWS AND PROVIDE TAX BENEFITS FOR INDIVIDUALS AND COMMUNITY ORGANISATIONS

The Rudd Government has today introduced legislation into Parliament to implement a number of significant measures that will improve the operation of the tax laws, reduce compliance costs for taxpayers and provide tax benefits for organisations which carry out important community services.

“This legislation shows the Rudd Government’s continuing commitment for more efficient tax laws to help taxpayers deal with their tax affairs,” said the Assistant Treasurer, Senator Nick Sherry.

The *Tax Laws Amendment (2010 Measures No. 4) Bill 2010*, which was introduced into the House of Representatives today, contains amendments to:

Goods and Services Tax administration

Amend the GST law to ensure that the appropriate GST outcome is achieved where there are adjustments for third party payments and the taxable status of the supply alters through the supply chain, or the payee of the third party payment obtains a refund under the GST Tourist Refund Scheme.

Capital Gains Tax rollover for water entitlements

Allow for capital gains tax (CGT) rollover for taxpayers who replace an entitlement to water with one or more different entitlements. The rollover, which will facilitate water market trading and the efficient use of water, allows irrigation infrastructure operators to restructure their arrangements with member irrigators without immediate CGT consequences. In addition, taxpayers will be able to include any termination fees they incur in relation to an asset in the asset’s cost base.

Taxation of Financial Arrangements

Put in place a number of refinements to the law which implemented Stages 3 & 4 of the Taxation of Financial Arrangements (TOFA) regime. The TOFA Stage 3 and 4 provisions cover both the tax treatment of hedges and tax-timing treatment in respect of financial arrangements other than hedges, and represent a major legislative reform affecting a wide range of financial arrangements. These amendments will provide certainty for taxpayers on the operation of the law and reduce compliance costs.

Make a number of minor technical amendments to the foreign currency gains and losses provisions to extend the scope of a number of compliance costs saving measures in the tax law and ensure that the provisions operate as intended.

Extension of transitional arrangements for “Upper Tier 2” instruments

Extend the transitional arrangements for Upper Tier 2 instruments to 1 July 2010 for instruments issued before 1 July 2001, to allow time for transition to the proposed Upper Tier 2 regulations.

Scrip-for-scrip rollover

Amend the CGT law to make it easier for takeovers and mergers regulated by the *Corporations Act 2001* to qualify for the CGT scrip for scrip roll over by carving them out of the participation requirements of the roll over. These amendments ensure that the scrip for scrip roll over will operate more effectively.

Deductible Gift Recipient status for community organisations

Extend tax deductible donation support to all Australian volunteer fire and emergency services entities and their state coordinating bodies, as well extend deductible gift recipient status to One Laptop per Child Australia Ltd, extend the period of listing for the Xanana Vocational Education Trust and update the name of the Clontarf Foundation Inc.

CANBERRA

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