



ASSISTANT TREASURER

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**PRESS
RELEASE**

TAX LAWS PASSED BY PARLIAMENT TO SLASH COMPLIANCE COSTS

The Assistant Treasurer, Senator Nick Sherry, today welcomed the passage of the *Tax Laws Amendment (Foreign Source Income Deferral) Bill (No.1) 2010* through the Senate.

The passage of the Bill will enact significant reforms to Australia's foreign source income anti-tax-deferral (attribution) rules by repealing the foreign investment fund (FIF) and deemed present entitlement rules contained in the *Income Tax Assessment Act 1936* (ITAA 1936).

These measures, when combined with the Government's wider package of foreign source income attribution reforms, are estimated to reduce compliance costs for Australian taxpayers and businesses by between \$40 million and \$80 million a year.

"This legislation will assist Australian managed funds and other businesses to compete internationally by reducing the complexity and compliance costs that are associated with the making of foreign investments," the Assistant Treasurer said.

"The repeal of the FIF and deemed present entitlement rules further contributes to the Government's objective of promoting Australia as a financial hub in our region."

"These reforms will support Australian jobs."

These reforms also better target Australia's attribution rules, further simplify the taxation law and bring consolidation of the two income tax acts a significant step closer.

Once Royal Assent is received, the repeal of the FIF and deemed present entitlement rules will apply to the 2010-11 and later income years. .

"The amendments included in this Bill are the first instalment in a number of reforms the Government will make to reform Australia's foreign source income attribution rules that were announced as part of the 2009-10 Budget," the Assistant Treasurer said.

The other reforms are the modernisation of the controlled foreign company rules, improvements to the transferor trust rules and the introduction of the anti-roll-up fund rule, which will apply from the time the FIF rules are repealed.

The other reforms will be introduced into the Parliament as soon as practicable.

CANBERRA

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