



ASSISTANT TREASURER

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**PRESS
RELEASE**

PARLIAMENT APPROVES THIN CAPITALISATION TAX REFORMS

The Assistant Treasurer, Senator Nick Sherry, today welcomed the passage through Parliament of important reforms to Australia's thin capitalisation tax laws as they apply to authorised deposit-taking institutions.

The reforms clarify the treatment of treasury shares, the business insurance asset known as 'excess market value over net assets' and capitalised software costs under the thin capitalisation rules.

"Australia's thin capitalisation rules perform an important integrity role by constraining the ability of Australian and foreign-owned multinational entities to inappropriately reduce their Australian profits and tax through allocating excessive amounts of global debt to Australian operations," the Assistant Treasurer said.

The reforms to the thin capitalisation rules were made necessary following changes to Australian accounting standards and were originally announced in the 2009-10 Budget.

"I thank the business community for participating in consultation on the final legislation," the Assistant Treasurer said.

Once Royal Assent is received, the amendments to the thin capitalisation tax laws will take effect from 1 January 2009.

CANBERRA

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