



# TAX LAWS AMENDMENT (2007 MEASURES No 5) BILL 2007

ACCI Submission to the  
Senate Economics Committee

August 2007



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## ABOUT ACCI

The Australian Chamber of Commerce and Industry (ACCI) has been the peak council of Australian business associations for 106 years and traces its heritage back to Australia's first Chamber of Commerce in 1826.

ACCI is Australia's largest and most representative business association.

Through our membership, ACCI represents over 350,000 businesses nationwide, including:

- Australia's top 100 companies
- Over 55,000 medium sized enterprises employing 20 to 100 people
- Over 280,000 smaller enterprises employing less than 20 people

These businesses collectively employ over 4 million people.

ACCI's 35 member organisations include the State and Territory Chambers of Commerce and Australia's leading national employer and industry associations. Our members represent all major sectors of Australian industry including small employers and sole traders as well as medium and larger businesses.

A list of ACCI members is attached.

## BACKGROUND

The Tax Laws Amendment (2007 Measures No 5) Bill 2007 was introduced into Parliament on 16 August 2007. The Bill includes measures relating to:

- The tax treatment of leases between taxable entities and tax-exempt entities. These rules apply to many Private Public Partnerships (PPPs). The new rules replace existing rules that are unduly harsh.
- The removal of the \$100m cap on the ability of companies to use prior year tax losses when they are sold.
- Changes to the tax incentives for the film industry.
- Allowing subsidiaries of multinationals to gain access to the premium R&D tax concession.

- establishing Innovation Australia to administer innovation and venture capital programs.

There are a number of other changes in the Bill which are not covered in this submission.

## ACCI RESPONSE TO BILL

ACCI welcomes the Bill and supports its speedy passage.

ACCI issued a press release making these points on the day the Bill was introduced. The press release is available from: [http://www.acci.asn.au/text\\_files/media\\_releases/2007/93-07.pdf](http://www.acci.asn.au/text_files/media_releases/2007/93-07.pdf).

We make the following additional observations:

- The new rules for the tax treatment of PPPs are fairly complicated and some of this complexity may not be needed. However, ACCI does not consider that the legislation should be delayed to address this complexity; instead the legislation should be passed now and reviewed in the near future to see if it can be simplified.
  - We acknowledge that some of this complexity is due to exemptions that were requested by industry.
- ACCI is disappointed that it has taken some time to develop new rules for PPPs. It is possible that some infrastructure projects may have been delayed because the old rules for PPPs were punitive.
- ACCI welcomes the removal of the cap on access to the same business test under the loss recoupment rules. This \$100 million cap meant that most large businesses could not use tax losses if they were sold. This would adversely affect businesses that were likely to have tax losses (which would include private infrastructure). However, we consider that the cap was unnecessary and should not have been introduced in the first place.

## ACCI MEMBERS

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