



Committee recommends passage of native title tax bill

Native title benefits would be confirmed as income and capital gains tax free and a means test for the medical expenses rebate established under legislation reviewed and recommended by the House Economics Committee.

Other proposals in the Tax Laws Amendment (2012 Measures No. 6) Bill 2012, which the committee report recommends be passed unamended, include:

- disallowing capital allowance deductions that are excessive having regard to the amount of the debt repaid. This will reverse the High Court case in 2011, where BHP Billiton received a double deduction for its iron briquette plant in Western Australia.
- removing concessional fringe benefit tax treatment for in-house fringe benefits accessed through salary sacrificing. In-house fringe benefits are those where the employer provides the same or similar goods or services as part of their business.
- extending the immediate deductibility of exploration expenditure, already provided to mining and petroleum explorers, to geothermal energy explorers
- updating the list of deductible gift recipients. This includes AE1 Incorporated, which seeks to locate and honour the crew of Australia's first submarine, and Teach for Australia, which seeks to attract top graduates to teach in disadvantaged communities.

Committee chair Julie Owens said the bill makes important changes to the tax laws.

"It will protect the integrity of the tax system, closer align the tax law to underlying policy, and achieve important social goals," Ms Owens said.

The native title provisions attracted the most interest. Although many stakeholders supported the bill, many also wished to expand its scope, in particular to give concessional tax treatment to Indigenous community development corporations.

However Ms Owens said such proposals should be addressed through broader consultation, both in terms of who is involved and the policies that are on the table.

"Native title is only 20 years old," Ms Owens said. "Parliament, Indigenous people and other stakeholders are still learning about what native title is, what it means, and how Indigenous people can benefit from it. "The committee expects that further legislative innovations will be introduced over time."

The report includes a dissenting report by the Opposition members of the committee.

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