



REVIEW OF THE TAX LAWS AMENDMENT (2012 MEASURES NO. 2) BILL 2012 AND THE PASSENGER MOVEMENT CHARGE AMENDMENT BILL 2012

The House Economics Committee will inquire into and report on the Tax Laws Amendment (2012 Measures No. 2) Bill 2012 and two related Bills: the Pay As You Go Withholding Non-compliance Tax Bill 2012 and the Income Tax (Managed Investment Trust Withholding Tax) Amendment Bill 2012. The Committee will also inquire into the Passenger Movement Charge Amendment Bill 2012. The Bills are available from the committee's website.

Schedule 1 of the first Bill makes company directors personally liable for the superannuation of their company's employees. It aims to prevent the use of phoenixing by directors to avoid paying their employees' super. The Committee first reported on these provisions in November 2011 and the Bill has been changed as a result of further consultation with industry. Additional annual revenue is expected to be up to \$95 million, which would be passed on to employees in the form of super.

Schedule 2 amends the TOFA consolidation interaction provisions to ensure that the tax treatment of financial arrangements that are part of a joining/consolidation event is consistent with the TOFA tax timing rules. This measure will protect a significant amount of revenue and generate additional revenue of \$253 million over the forward estimates.

Schedule 3 modifies the consolidated tax cost settings and rights to future income rules to enhance the consistency of tax outcomes for consolidated groups and when assets are acquired outside the consolidated regime. This is not expected to have a revenue impact.

Schedule 4 increases the withholding tax rate from 7.5% to 15% that applies to distributions from managed investment trusts made to residents of countries with whom Australia has a tax information exchange agreement. This rate is now similar to that in other OECD countries comparable to Australia. Additional revenue is expected to be \$70 million annually.

The **Passenger Movement Charge Amendment Bill 2012** will increase the charge from \$47 to \$55, payable by passengers departing Australia. It will also index the charge to the CPI. The measure will raise an additional \$610 million over the next four years, which will be used to establish the Asia Marketing Fund to promote Australia as a premium holiday and business destination.

The Chair of the Committee, Julie Owens, said that the committee will examine the adequacy of the Bills in achieving the policy objective and where possible identify any unintended consequences.

Interested persons and organisations are invited to make **submissions to the inquiry by Thursday, 31 May 2012**. A public hearing is scheduled for Monday, 4 June 2012 in Canberra and further information will be issued closer to the date.

For media comment: Please contact the Committee Chair Julie Owens MP:

Electorate: (02) 9689 1455

Parliament: (02) 6277 4134

Mobile: 0418 772 457

For background information: Please contact the committee secretariat:

Phone: (02) 6277 4564 Email: economics.reps@aph.gov.au Website: www.aph.gov.au/economics