

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 14 – 15 February 2007

Question: aet 101

Topic: Companies on the ASX during an equity buyout

Hansard Page: E49

Senator JOYCE asked:

I have one final question on debt. How many companies could go off the Australian stock market if there was an equity buyout before it started affecting them? Take that on notice.

CHAIR—That is an interesting question for Mr Parker, but I do not think that we expect a response.

Answer:

The implications for Government revenue are hard to ascertain. The impacts are likely to vary over the short, medium and longer term and include considerations of:

- immediate capital gains tax (CGT) effects;
- reinvestment and displacement outcomes;
- reduction of taxable profit to service increased debt obligations;
- the potential for company growth and increased taxable profit; and
- assessable CGT on disposal (new investors).