



Australian Government
Austrade

Gulf States Inquiry
Submission 22

26 JUL 2004

Mr Pierre Huetter
Inquiry Secretary
Trade Sub Committee
Joint Standing Committee on Foreign Affairs, Defence and Trade
Room R1.120
Parliament House
CANBERRA ACT 2600

Dear Mr Huetter

A response to a question taken on notice by Austrade from the Gulf States inquiry, held on Monday 21 June is attached. I would be grateful if you would provide this material to the committee.

Please do not hesitate to contact Lisa Kaida on 6201 7471 if you require further assistance with this matter.

Yours sincerely

Margaret Lyons
Corporate Services Director

JOINT STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE AND TRADE

(TRADE SUBCOMMITTEE)

Foreign Affairs and Trade portfolio

Monday 21 June 2004

Topic: Australia's tax treatment of recruitment firms

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The committee was interested to learn more about Australia's tax treatment of recruitment firms placing Australian professionals in the Gulf region. Due to a recent review many Australian recruitment firms are losing business because Australian professionals working in the Gulf can no longer claim an income tax exemption under the 23AF provision. Accordingly the committee was interested in knowing how competitors in this field (the US, UK and others) tax their nationals in similar professions working in the region.

In this context:

The Chair suggested that "we should look at it".

Response:

As the Minister for Trade only has responsibility for determining whether projects are in the 'national interest' and of an appropriate type for the purposes of section 23AF of the Tax Act, the question of what other governments are offering their nationals, which is a tax policy related matter, may be more appropriately answered by Treasury. Treasury has responsibility for tax policy matters generally.