

Chapter 1

Reference

1.1 On 10 May 2007, the Senate referred the provisions of the Tax Laws Amendment (2007 Measures No. 3) Bill 2007 to the Senate Standing Committee on Economics for report by 6 June 2007.

1.2 In accordance with the usual practice, the committee advertised the inquiry in *The Australian* on Wednesday 16 May 2007, calling for submissions by Monday, 21 May 2007. Details of the inquiry were placed on the committee's website. The committee also wrote to a number of organisations and stakeholder groups inviting written submissions.

1.3 Submissions were received from eleven organisations and individuals, as listed in Appendix 1. Notwithstanding the limited number of submissions and their high quality in identifying and discussing issues, it was also decided a hearing would be held on Friday 1 June 2007 as part of the inquiry.

Acknowledgments

1.4 The committee thanks all those who contributed to its inquiry by preparing written submissions. Their work has been of considerable value to the committee. The committee would particularly like to thank representatives of the Property Council of Australia, the Investment and Financial Services Organisation (IFSA) and officials of the Treasury for their cooperation and advice.

Background to the bill

1.5 The Bill is an omnibus bill which collates ten Schedules into one comprehensive package of changes.

1.6 The Bill makes necessary amendments to the following Acts:

- *Income Tax Assessment Act 1936*;
- *Income Tax Assessment Act 1997*;
- *Fringe Benefits Tax Assessment Act 1986*;
- *Income Tax (Transitional Provisions) Act 1997*; and
- *Taxation Administration Act 1953*.

Outline of the bill

1.7 The Bill will implement changes to Australia's taxation system in the following areas:

- distributions to entities connected with a private company and related issues;
- a non-concessional contributions cap during the simplified superannuation transitional period;
- assessment of capital gains of testamentary trusts;
- superannuation death benefits of certain defence personnel and police;
- extension of the transitional period relating to the application of accounting standards under the thin capitalisation rules;
- repeal of dividend tainting rules;
- interest withholding tax exemption;
- investments and disposal of interests in forestry managed investment schemes;
- Australian trust distributions to non-resident trustees; and
- new withholding arrangements for managed fund distributions to foreign residents.