

## Tax Laws Amendment (2006 Measures No. 4) Bill 2006

On 15 August 2006, the Senate referred the provisions of the Tax Laws Amendment (2006 Measures No. 4) Bill 2006 to the Economics Legislation Committee for inquiry and report by **4 October 2006**.

This reference results from the adoption by the Senate of the Selection of Bills Committee recommendations contained in Report No. 8 of 2006. This is an omnibus bill containing four schedules.

The Committee's inquiry is expected to focus on Schedule 4 - Capital gains tax and foreign residents. According to the Explanatory Memorandum, the measure in schedule 4 makes two changes to the CGT regime as it applies to foreign residents:

- narrows the range of assets which may be subject to Australian CGT to Australian real property directly held by a foreign resident and any CGT asset (other than Australian real property) used by the foreign resident at any time in carrying on a business through a permanent establishment in Australia; and
- strengthens the application of CGT to foreign residents in Australia's domestic law by applying CGT to non-portfolio interests in interposed entities (including foreign interposed entities), where more than 50 per cent of the value of the interposed entities' assets is attributable, whether directly, or indirectly through one or more other interposed entities, to Australian real property. Rights or options in relation to these assets will also be covered.

While not binding on the Committee or potential submitters, the statement of reasons incorporated in the Selection of Bills report suggested that the Committee should look at the narrowing of the tax base; and the additional integrity measures.

The Committee has not yet set a closing date for submissions. Persons or organisations contemplating making a submission should however note the short time currently set for this inquiry.

The Committee requests that where possible, submissions should also be provided by email to *economics.sen@aph.gov.au*, preferably as MS Word 97 or RTF format documents. Notes to assist in preparing submissions are available from the website [http://www.aph.gov.au/senate/committee/wit\\_sub/index.htm](http://www.aph.gov.au/senate/committee/wit_sub/index.htm) or the Secretariat telephone 02 6277 3540, fax: 02 6277 5719, or e-mail at the above address.

Once the Committee accepts your submission, it becomes a confidential committee document and is protected by Parliamentary Privilege. You must **not** release your submission without the Committee's permission. If you do, it is not protected by Parliamentary Privilege. At some stage during the inquiry, the Committee normally makes submissions public. Please indicate if you want your submission to be kept confidential.

Inquiries from hearing and speech impaired people should be directed to the Parliament House TTY number (02 6277 7799). Adobe also provides tools for the blind and visually impaired to access PDF documents. These tools are available at: <http://access.adobe.com/>. If you require any special arrangements in order to enable you to participate in a committee inquiry, please contact the committee secretary.

If you need any further information, contact the Committee's Secretary, Mr Peter Hallahan, on (02) 6277 3540 (phone), (02) 6277 5719 (fax), by email to [economics.sen@aph.gov.au](mailto:economics.sen@aph.gov.au) or by writing to:

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