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The Secretary
Senate Standing Committee on Economics
PO Box 6100
Parliament House
CANBERRA ACT 2600

By email: economics.sen@aph.gov.au

Dear Mr. Hallahan,

Senate Inquiry into: Provisions of the Tax Laws Amendment (2007 Measures No. 5) Bill 2007

Thank you for the opportunity to comment on the measures contained in the abovementioned Bill in the context of the Senate's current inquiry into the provisions of the Bill.

As Australia's pre-eminent professional association, representing the diverse interests of more than 112,000 finance, accounting and business advisers, we are committed to working with governments and parliaments and their agencies to ensure current economic and social policies foster an environment that facilitates sustainable economic growth.

We support the early passage of this Bill, subject to the rectification if necessary of any minor anomalies that might emerge from the current inquiry, as we believe that the Bill contains a range of useful amendments that will improve the operation of Australia's tax system and enhance Australia's international competitiveness.

In particular, we believe that the following amendments to the income tax law will be of particular importance to the business sector:

- the proposed reform of the tax treatment of public private partnerships (PPPs) should facilitate investment in essential infrastructure on a more cost effective basis than has previously been the case;
- amendment of the company loss recoupment rules to remove the current \$100 million total income cap on the same business test, which will give all companies access to the same business test to determine whether prior year losses can be deducted against future income – CPA Australia along with other professional and industry bodies has been calling for the removal of this cap for some time;
- the provision of a capital gains tax (CGT) roll-over to those persons with ownership interests in stapled entities to facilitate the reorganisation of stapled groups such as Australian listed property trusts, and also to improve their international competitiveness; and

- amendments to allow multinational firms to access the premium 175 per cent research and development (R&D) tax concession as this should encourage multinational companies to conduct R&D in Australia.

Other measures contained in the Bill, including a CGT roll-over on marriage breakdown to ensure that CGT is not an impediment to separating spouses achieving a 'clean break' from each other in terms of their superannuation arrangements, will also be of benefit to affected taxpayers and also the community generally.

If you have any queries regarding the above, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink that reads "G. J. Addison". The signature is written in a cursive, slightly slanted style.

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Senior Tax Counsel

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