



A U S T R A L I A N C H A M B E R
O F C O M M E R C E A N D I N D U S T R Y

**Tax Laws Amendment (2007
Measures No 5) Bill 2007**

**ACCI Submission to
the Senate Economics
Committee**

August 2007



1. BACKGROUND

The Australian Chamber of Commerce and Industry (ACCI) has been the peak council of Australian business associations for over 100 years.

ACCI is Australia's largest and most representative business association.

Through our membership, ACCI represents over 350,000 businesses nationwide, including:

- Australia's top 100 companies
- Over 55,000 medium sized enterprises employing 20 to 100 people
- Over 280,000 smaller enterprises employing less than 20 people

These businesses collectively employ over 4 million people.

ACCI's member organisations include the State and Territory Chambers of Commerce and Australia's leading national employer and industry associations. Our members represent all major sectors of Australian industry including small employers and sole traders as well as medium and larger businesses.

A list of ACCI members is attached.

2. BACKGROUND

The Tax Laws Amendment (2007 Measures No 5) Bill 2007 was introduced into Parliament on 16 August 2007. The Bill includes measures relating to:

- The tax treatment of leases between taxable entities and tax-exempt entities. These rules apply to many Private Public Partnerships (PPPs). The new rules replace existing rules that are unduly harsh.
- The removal of the \$100m cap on the ability of companies to use prior year tax losses when they are sold.
- Changes to the tax incentives for the film industry.
- Allowing subsidiaries of multinationals to gain access to the premium R&D tax concession.
- establishing Innovation Australia to administer innovation and venture capital programs.

There are a number of other changes in the Bill which are not covered in this submission.

3. ACCI RESPONSE TO BILL

ACCI welcomes the Bill and supports its speedy passage.

ACCI issued a press release making these points on the day the Bill was introduced. The press release is available from:

http://www.acci.asn.au/text_files/media_releases/2007/93-07.pdf

We make the following additional observations:

- The new rules for the tax treatment of PPPs are fairly complicated and some of this complexity may not be needed. However, ACCI does not consider that the legislation should be delayed to address this complexity; instead the legislation should be passed now and reviewed in the near future to see if it can be simplified.
 - We acknowledge that some of this complexity is due to exemptions that were requested by industry.
- ACCI is disappointed that it has taken some time to develop new rules for PPPs. It is possible that some infrastructure projects may have been delayed because the old rules for PPPs were punitive.
- ACCI welcomes the removal of the cap on access to the same business test under the loss recoupment rules. This \$100 million cap meant that most large businesses could not use tax losses if they were sold. This would adversely affect businesses that were likely to have tax losses (which would include private infrastructure). However, we consider that the cap was unnecessary and should not have been introduced in the first place.

4. ACCI MEMBERSHIP

ACT and Region Chamber of Commerce and Industry

Australian Business Ltd

Business SA

Chamber of Commerce and Industry Western Australia

Chamber of Commerce Northern Territory

Commerce Queensland

Employers' First TM

State Chamber of Commerce (New South Wales)

Tasmanian Chamber of Commerce and Industry

Victorian Employers' Chamber of Commerce and Industry

Agribusiness Employers' Federation

Air Conditioning and Mechanical Contractors' Association of Australia

Association of Consulting Engineers Australia

Australian Beverages Council

Australian Consumer and Specialty Products Association

Australian Entertainment Industry Association

Australian Hotels Association

Australian International Airlines Operations Group

Australian Made Campaign Limited
Australian Mines and Metals Association
Australian Paint Manufacturers' Federation
Australian Retailers Association
Insurance Council of Australia
Master Builders Australia
Master Plumbers and Mechanical Services Association Australia
National Electrical and Communications Association
National Retail Association Limited
NSW Farmers Industrial Association
Oil Industry Industrial Association
Pharmacy Guild of Australia
Plastics and Chemicals Industries Association
Printing Industries Association of Australia
Restaurant and Catering Australia
Standards Australia Limited
Victorian Automobile Chamber of Commerce