

CHAPTER 4

OTHER PROVISIONS OF THE BILL

Introduction

4.1 Altogether, the provisions in the bill are contained in 11 schedules. The provisions of Schedules 1 and 2 and 5 have been discussed in earlier chapters. The provisions of the remaining schedules deal with the following matters:

- Schedule 3: Employee share schemes
- Schedule 4: FBT exemption thresholds for long service leave awards
- Schedule 6: Consolidation regime—providing greater flexibility
- Schedule 7: STS roll-over relief for depreciating assets
- Schedule 8: Family trust elections and interposed entity elections
- Schedule 9: Non-commercial loans
- Schedule 10: Technical corrections and amendments
- Schedule 11: Minor amendment to the refundable film tax offset

Submissions received

4.2 In the only submission¹ regarding Schedule 7, an objection was made that the starting date for the amendments was proposed to be 'the income year following the income year in which this Act receives the Royal Assent'.²

4.3 The submission argued that the starting date for the Schedule 7 amendments should be 1 July 2001, to accord with 'Senator Coonan's press release of 4/3/03 (CO13/03)' that, among other things:

Roll-over relief amendments will be effective from the start date of the STS, 1 July 2001, so eligible taxpayers can elect to enter the STS in their 2001/02 tax return.³

4.4 The submission said further that:

1 *Submission* 1 (William Buck (SA) Pty Ltd).

2 Item 20 of Schedule 7.

3 Press Release CO13/03—Minister for Revenue and the Assistant Treasurer, Roll-over Relief for Simplified Tax System Partnerships, 4 March 2003. At <http://assistant.treasurer.gov.au/atr/content/pressreleases/2003/013.asp?pf=1> accessed on 22 February 2005.

...as a result of the press release...many taxpayers would have (a) entered STS on the basis that the rollover would be available to them and (b) those already in STS would have applied the rollover.⁴

4.5 Senator Coonan's statement concerned roll-over relief amendments introduced by the *Tax Laws Amendment Act (No. 2) 2004* (TLAA2)—not the proposed amendments in the Tax Laws Amendment (2004 Measures No. 7) Bill 2004. The following excerpt from the Explanatory Memorandum for the TLAA2 puts this beyond doubt:

Proposal announced: This measure was announced in the Minister for Revenue and Assistant Treasurer's Press Release C13/03 of 4 March 2003.⁵

4.6 The Committee has received no evidence to suggest that 1 July 2001 was promoted by the government as the commencement date for the Schedule 7 amendments. Furthermore, the Committee has heard no compelling arguments for substitution of the proposed commencement date with another date. In the circumstances, the Committee has no objection to the proposed amendments.⁶

Conclusions and recommendations

4.7 The Committee can see no reason why the provisions of the bill should not be passed.

Recommendation 2

4.8 The Committee recommends that the Tax Laws Amendment (2004 Measures No. 7) Bill 2004 be passed without amendment.

Senator George Brandis
Chair

4 *Submission 1* (William Buck (SA) Pty Ltd).

5 Taxation Laws Amendment Bill (No. 2) 2004 (Previous citation: Taxation Laws Amendment Bill (No. 9) 2003), Revised Explanatory Memorandum, The Parliament of the Commonwealth of Australia, p. 8.

6 At the Committee's hearing on 1 March 2005, the Department of the Treasury confirmed the Committee's conclusions about the starting date for the ETO. See Mr Mark O'Connor, *Proof Committee Hansard*, 1 March 2005, pp. E3-E4.