

Chapter 1

The conduct of the inquiry and recommendation

1.1 On 25 September 2008, the Senate referred the Tax Laws Amendment (2008 Measures No. 5) Bill 2008 to the committee. The bill has five schedules (discussed in each of the following chapters):

- Schedule 1 amends the GST tax base to correct an anomaly with real property;
- Schedule 2 modifies the thin capitalisation regime to adjust for certain impacts of the adoption of International Financial Reporting Standards;
- Schedule 3 extends the eligibility for exemption from interest withholding tax to bonds issued in Australia by state and territory central borrowing authorities;
- Schedule 4 removes an anomaly in the fringe benefits tax law concerning benefits for investment properties held jointly by an employee and associates;
- Schedule 5 amends the eligible investment business rules for managed investment trusts.

1.2 The committee was due to report by 13 October. However, the Senate granted an extension to the committee permitting it to report by 10 November 2008.

Submissions and public hearings

1.3 The committee advertised the inquiry in *The Australian* and on the committee's website from 26 September 2008. It also wrote to a number of organisations and government agencies alerting them to the inquiry and calling for submissions to be lodged by 3 October 2008. In total, the committee received six submissions. They are listed in Appendix 1 and are available at: http://www.aph.gov.au/Senate/committee/economics_ctte/tlab_5_08/submissions/sublist.htm.

1.4 The submissions received by the committee focused on two measures: Schedule 1—GST and the sale of real property and Schedule 3—interest withholding tax and exemption for state government bonds. One submission offered a brief comment on Schedule 5—managed funds. Schedules 2 and Schedule 4 were not addressed. The committee held a public hearing in Canberra on 28 October 2008. The committee thanks those who assisted with the inquiry.

1.5 Only Schedule 1 attracted any significant criticism, which the committee found unconvincing.

Recommendation 1

The committee recommends that the Senate pass the bill.