

Legislative update

1 July 2015

Revenue measures introduced into the Commonwealth Parliament or registered as legislative instruments or regulations in the last month include the following:

Tax Laws Amendment (Small Business Measures No. 3) Bill 2015, introduced into the House of Representatives on 24 June 2015, proposes to provide a tax discount for unincorporated small business, an 'up-front' deduction for small business start-up expenses, and proposes to extend the fringe benefits tax (FBT) exemption for work – related portable electronic devices to allow small business to provide more than one device.

Tax and Superannuation Laws Amendment (2015 Measures No. 2) Bill 2015, introduced into the House of Representatives on 24 June 2015, proposes the following measures:

- tax relief for certain mining arrangements including farm-in farm-out arrangements, interest re-alignments and expenditure relating to the improvement of mining, quarrying and prospecting information
- an increase to the statutory effective life of in-house software from four to five years

- look-through treatment for instalment warrants and similar arrangements
- modification of the company loss recoupment rules to deal with shares with unequal rights; to ensure that, for the purposes of applying the continuity of ownership test (COT), tracing through superannuation entities and managed investment schemes is not required; and to clarify that the tax consolidation entry history rule does not operate in relation to a joining member of a consolidated group for the purposes of applying the same business test.

The *Excise Tariff Amendment (Fuel Indexation) Bill 2015*, together with the *Customs Tariff Amendment (Fuel Indexation) Bill 2015*, introduced into the House of Representatives on 23 June 2015, respectively propose to amend the *Excise Tariff Act 1921* and the *Customs Tariff Act 1995* to index the rate of excise and excise-equivalent customs duty applying to fuels (other than aviation fuels) to assist in funding investment in road infrastructure. The effect of the Bills is to validate the *Excise Tariff Proposal (No. 1) 2014* and *Customs Tariff Proposal*

(No. 1) 2014 that were tabled in the House of Representatives on 30 October 2014 to index fuel duty to the consumer price index (CPI) from 10 November 2014. These Bills were introduced together with the *Fuel Indexation (Road Funding) Special Account Bill 2015*, which establishes a special account to ensure that the net additional revenue from the reintroduction of fuel indexation is used for road infrastructure funding, and the *Fuel Indexation (Road Funding) Bill 2015*, which makes consequential amendments, including amending the *Fuel Tax Act 2006* to ensure that the road user charge rate that is determined is rounded in the same way as fuel duty rates are rounded.

Taxation Administration Act Withholding Schedules 2015, registered on 25 June 2015, contains the Pay As You Go (PAYG) withholding schedules which apply from 1 July 2015. These Schedules follow the enactment of the *Labor 2013-14 Budget Savings (Measures No 1) Act 2015*, which repeals the second round of carbon tax-related personal income tax cuts that were due to start on 1 July 2015.

Tax and Superannuation Laws Amendment (Release

Conditions for Non-concessional Contributions) Regulation 2015, registered on 28 May 2015, amends various taxation and superannuation regulations, with various dates of effect, to enable amounts to be paid from an individual's superannuation or income stream to meet tax liabilities arising from certain superannuation contributions. This regulation also corrects minor technical and typographical errors and extends the amendment period for assessments of income tax for individuals who make an election in respect of excess non-concessional contributions.

Income Tax Amendment (Defence Force Income Tax Exemptions) Regulation 2015, registered on 28 May 2015, amends the *Income Tax Regulations 1936 and Treasury Laws Amendment (2015 Measures No. 1) Regulation 2015* to exempt from income tax, the remuneration of Australian Defence Force personnel engaged in service on Operations Accordian, Augury, Highroad, Manitou, Okra and Palate II.

Australian Small Business and Family Enterprise Ombudsman Bill 2015, introduced into the House of Representatives on 3 June 2015, proposes to establish the Australian Small Business and Family Enterprise Ombudsman. The proposed role of the Ombudsman will be to listen to small businesses and family enterprises and present their views to better inform the Government's policy agenda. To assist this function, the Ombudsman will have information gathering powers, and inquire into a wide range of issues affecting small and family

businesses. The Ombudsman will work collaboratively with other officials to identify systemic issues needing a national approach, and provide advice to the Government.

Excise Tariff Amendment (Ethanol and Biodiesel) Bill 2015, introduced into the House of Representatives on 4 June 2015 and subsequently enacted with amendments, reduces the rates of excise for domestically manufactured biodiesel and fuel ethanol to nil for a one-year period commencing on 1 July 2015, and then gradually increases these rates each year from 1 July 2016.

Energy Grants and Other Legislation Amendment (Ethanol and Biodiesel) Bill 2015, introduced into the House of Representatives on 4 June 2015 and since enacted, removes grants for renewable diesel and biodiesel from 1 July 2015.

Income Tax (Effective Life of Depreciating Assets) Determination 2015, registered on 27 May 2015, provides taxpayers in specific industries and for specific assets with effective lives as a basis to calculate the depreciation of an asset for income tax purposes. The Determination applies from 1 July 2015.

Social Security (International Agreements) Amendment (Republic of India) Regulation 2015, registered on 22 June 2015, amends the *Social Security (International Agreements) Act 1999* to insert the Agreement between Australia and the Republic of India on Social Security for purposes of coordinating the social security schemes to give better retirement income protection for people who move

between Australia and India. The agreement also includes provisions on double superannuation coverage for temporarily seconded workers.

Export Market Development Grants (Information and Document Requirements) Amendment Determination 2015 (No. 1), registered on 23 June 2015, amends the *Export Market Development Grants (Information and Document Requirements) Determination 2008* to refine the information and documents required to be submitted by certain applicants.

In addition to the above, on 28 May 2015, the Commissioner of Taxation registered a number of legislative instruments on or about 3 June 2015 requiring the lodgment of various returns to the Commissioner including those relating to the lodgment of income tax returns for the 2015 income year.

It is also worth reporting that the Government's small business measures announced in the 2015-16 Federal Budget to reduce the company tax rate from 30 per cent to 28.5 per cent for companies that are 'small business entities' and to provide accelerated depreciation for the cost of depreciating assets up to \$20,000 (from 12 May 2015 to 30 June 2017), and to provide accelerated depreciation for primary producers for the cost of water facilities, fodder storage assets and fencing (for such assets acquired from 12 May 2015), were enacted on 22 June 2015 (*Tax Laws Amendment (Small Business Measures No. 2) Bill 2015* and *Tax Laws Amendment (Small Business Measures No. 1) Act 2015*).

Let's talk

For a deeper discussion of how these issues might affect your business, please contact:

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