

November 2016

TaxTalk Monthly

***Keeping you up to date on the
latest Australian and international
tax developments***



Corporate Tax Update

Senate Committee's Corporate Tax Avoidance Inquiry update

The Senate has agreed to the Senate Economics References Committee's [recommendation](#) that the Corporate Tax Avoidance inquiry be re-adopted in the current Parliament. The committee is now due to report by 30 September 2017. All correspondence and evidence previously received for this inquiry has been made available to the new committee.

Review of R&D Tax Incentive

The [report](#) from the review of the Research and Development (R&D) Tax Incentive was released by the Minister for Industry, Innovation and Science for consultation on 28 September 2016. The review panel found that while the R&D program is an important investment in a prosperous future for Australia, it falls short of meeting its stated objectives of additionality and spillovers. Six recommendations were made by the panel to improve the overall effectiveness and integrity of the programme while encouraging additional R&D.

The Government is calling for submissions on issues raised in the report by 28 October 2016, and is expected to release its response in the second wave of the National Innovation and Science Agenda, due by March 2017.

Changes to the debt and equity tax rules

The Minister for Revenue and Financial Services on 10 October 2016 [announced](#) the release of [exposure draft legislation and explanatory material](#) which seek to implement recommendations made by the Board of Taxation to improve the debt and equity tax rules. The new rules, once enacted, will replace the existing related scheme rules in subsection 974-15(2) and 974-70(2) of the *Income Tax Assessment Act 1997* (ITAA 1997) and repeal the equity override integrity provision in section 974-80 of the ITAA 1997.

The draft legislation is intended to provide greater certainty in relation to the integrity rules by ensuring that multiple schemes are treated as a single scheme only when this accurately reflects the economic and commercial substance of the schemes. Specifically, the proposed new rule provides that schemes should be aggregated for the purpose of the

debt-equity rules in Division 974 of the ITAA 1997 if:

- the pricing, terms and conditions of the scheme are interdependent in a way that would change their debt or equity treatment; and
- it would be concluded that the schemes were designed to operate to produce their combined economic effect.

Consistent with the Board of Taxation's recommendations, examples of how the rules would work in practice are set out in a draft legislative instrument supporting the draft legislation. The instrument provides both stapling and non-stapling examples which identify how the new law will apply in various scenarios.

The new rules will only apply to transactions entered into after the commencement of the law which will be a day to be fixed by proclamation (or if there is no proclamation, six months after Royal Assent). Taxpayers that have relied on the former government's announcement in the 2011-12 Federal Budget which stated that the scope of the section 974-80 of the ITAA 1997 would be clarified will be provided with transitional protection before the amendments commence.

Submissions on the exposure draft law can be made until 21 November 2016.

Commissioner refused special leave to appeal in tax consolidation litigation

In *Commissioner of Taxation v Financial Synergy Holdings Pty Ltd* [2016] HCATrans 232, the Commissioner's application for special leave to appeal to the High Court was refused on 7 October 2016. In this case, the Full Federal Court held that for the purposes of determining the allocable cost amount of a unit trust that joined a consolidated group, the first element of the cost base of the pre-CGT units subject to a Division 122-A rollover was determined by reference to their market value at the time of actual acquisition rather than the deemed date of acquisition (some time before 20 September 1985). For further information, refer to [TaxTalk Monthly: May 2016 edition](#).

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Employment Taxes Update

New ATO concession for calculating car fringe benefits under the operating cost method for certain employers

The Australian Taxation Office (ATO) has released PCG 2016/10 during the month, which allows employers with a fleet of 20 or more 'tool of trade' cars to use a simplified approach to calculating the business use percentage component of the operating cost method. This is expected to reduce the record-keeping burden on employers with large fleets by allowing them to rely on a representative average business use percentage to calculate car fringe benefits for the fleet under the operating cost method. There are a number of specific requirements set out in the Practical Compliance Guidelines before the average business use percentage is available. These guidelines will apply to car fringe benefits provided in the 2017 FBT year and later FBT years.

New PAYG Withholding Tax Tables from 1 October 2016

PAYG withholding tax tables have been updated to reflect the lower personal tax rate contained in the *Treasury Laws Amendment (Income Tax Relief) Bill 2016*, applicable to payments made on or after 1 October 2016. To the extent that these changes result in extra tax being withheld from employees prior to the 1 October 2016 rate change, this will be credited when the employee lodges their 2017 income tax return. Employers will not be required to make any adjustments or refunds.

ATO consultation on substantiation of reasonable travel allowance expenses

The ATO is seeking comments on issues raised in a consultation paper regarding the substantiation exception for claiming deductions for reasonable travel allowance expenses (accommodation, meal and incidental expenses). The ATO has indicated that increasingly it has noticed a disparity between travel allowances paid and deductions claimed for accommodation, meals, and incidentals which has increased the incidence of it checking these claims. Comments are due by 22 November 2016.

State Legislative Amendments

A number of bills were introduced across the country during the month, including:

- *State Taxation Acts Further Amendment Bill 2016 (VIC)* - which amends the *Payroll Tax Act 2007* to update the way the exempt rate used in the calculation of the exempt component of motor vehicle allowances is determined,
- *Taxation and Related Legislation (Miscellaneous Amendments) Bill 2016 (TAS)* - which amends the *Payroll Tax Act 2008* to ensure harmonisation with Victoria and New South Wales in relation to the payroll tax treatment of owner-driver contracts and anti-avoidance provisions related to excluded contracts, and removal of relevant contractor exclusions for insurance and door-to-door sales in line with New South Wales amendments, and

- *Taxation and Related Legislation (Miscellaneous Amendments) Bill 2016 (TAS)* - which amends *Taxation Administration Act 1997* to extend both the standard reassessment timeframe and a taxpayer's entitlement to a refund from three to five years, to better align with Victorian and New South Wales reassessment and refund timeframes.

Changes to 'Backpacker Tax'

The Treasurer has announced changes to the working holiday maker tax arrangements previously announced in the 2015-16 Australian Federal Budget. From 1 January 2017, working holiday makers will be subject to 19 per cent tax on earnings up to AUD 37,000 (rather than the 32.5 per cent previously announced). There are a number of other aspects to the package announced by the Treasurer, including a requirement for working holiday makers to register with the ATO (failure to do so will require employers to withhold at 32.5 per cent), increases to passenger movement charges, and an

increase in the tax on Departing Australia Superannuation Payments to 95 per cent.

Payments made to sportspersons were subject to Payroll Tax (QLD)

In *Brisbane Bears - Fitzroy Football Club Ltd v Commissioner of State Revenue [2016] QSC 231*, the Supreme Court of Queensland held that payments made to various players and coaches (or their associated corporate entities) by the club were payments of taxable wages and accordingly were liable to payroll tax under the *Payroll Tax Act 1971 (QLD)*. The Court found that the payments were not solely for image rights, but for marketing and promotional services performed or rendered.

This case serves as a reminder of the importance of understanding and defining the nature of payments made to employees and other service providers and correctly identifying any associated payroll tax obligations.

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Global Tax Update

Latest news from international tax and transfer pricing

Technical services provided to Australian customers taxable in Australia

On 22 September 2016, the Full Federal Court dismissed the taxpayer's appeal in [Tech Mahindra Limited v Commissioner of Taxation \[2016\] FCAFC 130](#). In this case the Court held that Australia has the right to tax fees paid by Australian customers to an Indian company for the provision of

certain "technical services". Specifically, the Court found the payments qualified as 'royalties' under the Australia-India Double Tax Agreement (DTA) and that Article 12(4) of the DTA did not apply to prevent Australia from taxing these amounts. The taxpayer was a resident of India with offices in Australia through which it provided software products and information technology services. These services were performed partly by employees situated in Australia and in India.

ATO released Country by Country reporting guidance

The Australian Taxation Office (ATO) has issued guidance on when it will grant an [exemption from the Country-by-Country Reporting \(CbC\)](#) requirements. The guidance material outlines the general principles and process for seeking an exemption from one or more of the three CbC reporting requirements (CbC Report, Master File, Local File). The ATO's approach represents its transitional administrative practice until the planned 2020 review of CbC reporting.

By way of background, Australia's CbC law requires 'significant global entities' (broadly, those entities with annual global income of at least AUD 1 billion or that is part of a group with annual global income of at least AUD 1 billion) that are Australian residents or foreign residents with an Australian permanent establishment to submit these CbC statements annually for years beginning on or after 1 January 2016 unless the Commissioner of Taxation provides an exemption.

Although any request for an exemption from these rules is to be considered by the Commissioner on its merits having regard to all relevant facts and circumstances and having regard to the purpose of CbC reporting, the ATO guidance materials consider a number of factors that are relevant to the determination. Specifically, the Commissioner indicates that he will consider the following:

- whether you are currently subject to a risk review or audit (active compliance product)
- whether you have any international related party dealings (IRPDs) or only have low risk IRPDs
- whether you have IRPDs with entities in 'specified countries' listed in the IDS instructions that most closely correspond to the relevant reporting period(s)
- any other factors that he considers relevant.

For exemption requests relating to the CbC report or master file, the guidance indicates that the Commissioner will also take into account additional factors such as whether:

- your global parent entity is subject to CbC reporting in its country of tax residence
- your global parent entity has been granted an exemption in its country of tax residence from providing the CbC report or master file and, if so, the reasons the exemption was granted

- your global parent entity is required to prepare a master file in its country of residence
- there is minimal likelihood of Australia being obliged to automatically exchange your CbC report with another jurisdiction. For example, this may be the case if you do not have foreign tax resident entities consolidated for accounting purposes, or you do not carry on a business through a permanent establishment in another jurisdiction.

Draft Tax ruling on applying the participation test

Draft Tax ruling [TR 2016/D2](#), issued on 12 October 2016, sets out the Commissioner's preliminary view on the meaning of 'at the time the distribution is made' which is relevant when applying the participation test (in Subdivision 768-A of the *Income Tax Assessment Act 1997*) in working out whether an equity distribution received by an Australian corporate tax entity from a foreign company is not assessable and not exempt (NANE) income.

The Commissioner's view set out in the Draft Ruling is that for the purposes of Subdivision 768-A:

- To have a participation interest in the foreign company, an entity must be a registered member of the foreign company at the start of the day the distribution is made. This means that it is possible to satisfy the participation test when a distribution is made on the cancellation of the equity interest.
- Where the distribution is a dividend or non-share dividend, the distribution is made on the day that the foreign company pays or credits the distribution (not on the day that it is received by the equity holder).
- Where the distribution is a deemed dividend, the distribution is made on the day the tax legislation deems the dividend to have been taken to be paid. In the case of an off-market share buy-back, the Commissioner considers that this is anytime on the day that the entities enter into the share buy-back contract.

The Draft Ruling provides several examples to illustrate the application of the participation test and the meaning of 'at the time the distribution is made' in Subdivision 768-A.

Once finalised, this ruling is proposed to apply to foreign equity distributions made on or after 17 October 2014, being the date that the relevant provision commenced.

Comments on the Draft Ruling can be made until 25 November 2016.

United States - New debt-equity regulations

New regulations have been released which address whether loans to related US companies are treated as debt or equity for US tax purposes including rigorous documentation requirements. Australian companies with US investments need to urgently understand these rules.

For further information, refer to [Tax Insights](#) from PwC Tax Services and for information regarding the financial statement considerations, refer to [Tax Insights](#) from PwC Tax Accounting Services.

EU Commission state aid investigations

The European Commission (EC) has announced a formal State aid investigation into tax rulings granted by the Luxembourg tax authorities in relation to certain financing transactions between four Luxembourg group subsidiaries. - refer to [Tax Insights](#) from International Tax Services and Transfer Pricing for further information. In addition the EC has extended its Gibraltar State aid investigation to include rulings - for further information refer to [Tax Insights](#) from International Tax Services and Transfer Pricing.

Irish Budget

In the recently announced Irish 2017 Budget, no changes were made to the 12.5 per cent corporate tax. The Budget included an updated version of Ireland's International Tax Strategy which details its commitment to the Organization for Economic Co-operation and Development (OECD) Base Erosion and Profit Shifting (BEPS) recommendations confirming that Ireland will introduce an EU anti-tax avoidance directive. For further insights and observations refer to [Tax Insights](#) from International Tax Services.

Proposed Dutch tax package impacts multinationals

The proposed 2017 Dutch tax package provisions makes various changes which would affect multinationals including aligning the Dutch innovation box rules with the OECD's modified

nexus approach, a gradual expansion of the corporate income tax bracket subject to the lower 20 per cent rate and changes to two interest deduction limitations. Refer to [Tax Insights](#) from International Tax Services for further information.

Thailand offers generous incentives for headquarters, foreign trading companies and treasury centres

Thailand has recently revamped its incentive regimes, creating a new international headquarters company regime, with add-on benefits for treasury centres, and an international trading centre regime. The most prominent incentives include a full corporate income tax exemption on qualifying income for 15 years, withholding tax exemptions, and other non-tax benefits. Thailand now offers one of the most generous incentives packages in Asia, making it an ideal location for headquarters and TC operations. Refer to [Tax Insights](#) for further information.

OECD and BEPS developments

Again, the past month has been a busy one for the OECD with a number of new guidance materials and information being released, including:

- [Public comments received](#) on the discussion draft on Branch Mismatch Structures under Action 2 of the BEPS action plan (including a global submission from PwC).
- [Guidance](#) on the implementation of CbC reporting as set out in BEPS Action 13, covering the following issues:
 - Transitional filing options for Multinational Enterprises ("parent surrogate filing")
 - The application of CbC reporting to investment funds and partnerships
 - The impact of currency fluctuations on the agreed EUR 750 million filing threshold.
- [Key documents](#) on BEPS Action 14 (Making Dispute Resolution Mechanisms More Effective) that will form the basis of the Mutual Agreement Procedure peer review and monitoring process.

The following country specific BEPS developments have occurred:

- Switzerland has [confirmed](#) its commitment towards greater tax transparency by ratifying the [OECD Convention on Mutual Administrative Assistance in Tax Matters](#).
- The German Finance Committee proposed additional BEPS-related and other tax rules - refer to [Tax Insights](#) for further information.
- The Luxembourg Government has proposed new CbC reporting obligations - refer to [Tax Insights](#) from Transfer pricing.
- Singapore tax authorities have issued long awaited Singapore CbC Reporting implementation guidance - refer to [Tax Bulletin](#) for further information.

For an analysis of unilateral 'anti-avoidance' action as a precursor to the BEPS recommendations from the perspective of the United Kingdom (i.e. the Diverted Profits Tax) and Australia (i.e. the Multinational Anti-avoidance law), refer to this [Tax Insights](#) publication.

This PwC [Tax Insights](#) examines keys aspects of number of the OECD's BEPS Actions that recommend the introduction of 'anti-abuse' type measures intended to address BEPS concerns and

restore confidence in the standards of cross-border tax compliance and cross-border tax administration.

An update on the OECD Multilateral instrument to implement BEPS treaty-related recommendations is provided in this [Tax Policy Bulletin](#) from International Tax Services.

Global anti-avoidance rules

This global PwC [Tax Insights](#) reviews the key legislative, judicial and administrative developments with respect to general anti-avoidance rules across a number of key jurisdictions including Australia, Canada, China, India, The Netherlands, New Zealand, United Kingdom, United States of America and the European Union.

2016 International Tax Competitiveness Index

The [2016 International Tax Competitiveness Index](#) has ranked Australia 8th overall in its index of the extent to which a country's tax system adheres to two important aspects of tax policy: competitiveness and neutrality. However Australia ranks 26th in respect of its corporate tax rate.

Refer to the [International Tax News - Edition 44, October 2016](#) for other updates and analysis on developments taking place around the world, authored by specialists in PwC's global international tax network.

 [Explore PwC's global tax research and insights](#)

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State Taxes Update

Victorian State Revenue draft ruling on out of time objections

The Victorian State Revenue Office has issued a [draft ruling](#) on objections lodged out of time. The purpose of the *Draft Revenue Ruling TAA.004v3* is to explain how the Commissioner applies section 100 of the *Taxation Administration Act 1997* (Vic), which allows the Commissioner to permit a person to lodge an objection after the usual 60-day time period for objections has expired. This includes the process by which a taxpayer may make an application under section 100 and the factors which the Commissioner will generally consider to be relevant in deciding whether or not to grant permission under that section. Comments on the draft can be made until 14 October 2016.

Victorian Land and Payroll tax amendments

The [State Taxation Acts Further Amendment Bill 2016](#) (Vic) has been introduced into the Victorian Parliament. Amongst other things, the Bill makes the following amendments:

- amends the *Land Tax Act 2005* (Vic) to align the date for the determination of the taxable value of non-rateable non-leviable land with the date that applies to other land; and correct one of the surcharge rates of land tax for absentee trusts, and
- amends the *Payroll Tax Act 2007* (Vic) to update the way the exempt rate used in the calculation of the exempt component of motor vehicle allowances is determined.

New South Wales Office of State Revenue ruling on definition of foreign person

The New South Wales Office of State Revenue has issued [Revenue Ruling No. G 008](#) concerning the definition of foreign person for the purposes of the duty and land tax surcharges payable by foreign persons from 21 June 2016.

Queensland Office of State Revenue rulings on the additional foreign acquirer duty

The Queensland Office of State Revenue has issued the following rulings on the additional foreign acquirer duty that applied from 1 October 2016:

- [DA000.15.1](#): Additional foreign acquirer duty—ex gratia relief for significant development
- [DA000.14.1](#): Foreign corporations and foreign trusts—interests of foreign persons and related persons
- [DA232.1.1](#): AFAD residential land

Western Australia (WA) streamlining of State tax processes

The WA Finance Minister has [announced](#) further streamlining of WA's online revenue collection application, Revenue Online. A tax agent using Revenue Online can self-assess more complex transactions immediately, compared with the delays that could occur with lodging paper documents with State Revenue.

Tasmanian legislative amendments

The [Taxation and Related Legislation \(Miscellaneous Amendments\) Bill 2016](#) (Tas) has been introduced into the Tasmanian Parliament. Amongst other things, the Bill amends the following:

- *Duties Act 2001* (Tas)
 - to include the vesting of dutiable property transactions in the list of dutiable transactions to be treated as transfers
 - exempt a number of statutory vesting transactions where a duty liability was never intended with retrospective application from 1 July 2001

- enable the Commissioner , upon provision of a valuation from a taxpayer upon objection, to treat the value of the property identified in that valuation as the unencumbered value of the property or, if not satisfied with the valuation provided, to obtain a new valuation and treat that valuation as the unencumbered value of the property.
- *Land Tax Act 2000 (Tas)*
 - ensure that the special rate of land tax for land owned by a club or body of persons (where the land is used for certain sporting activities) is also able to obtain the benefit of the tax-free threshold available to other land tax payers.
- *First Home Owner Grant Act 2000 (Tas)*
 - implement an increase to the First Home Owner Grant from AUD 10 000 to AUD 20 000 for eligible first home buyers of newly constructed homes, those who have new homes constructed, and owner-builders. The increased grant is to be available from 1 July 2016 to 30 June 2017 (with retrospective commencement to 1 July 2016). The Government is also honouring its commitment to eligible applicants who entered into agreements between 1 January 2016 and 30 June 2016 by paying the additional AUD 10 000 by way of grant deed.
- *Payroll Tax Act 2008 (Tas)*
 - ensure harmonisation with Victoria and New South Wales in relation to the payroll tax treatment of owner-driver contracts and anti-avoidance provisions related to excluded contracts ; and remove the relevant contractor exclusions for insurance and door-to-door sales in line with New South Wales amendments
- replace references to the previous payroll tax threshold with the current payroll tax threshold for designated group employers and for the provisions in the Act that require employers to register for payroll tax for the first time.
- introduce a five year time limit for refunds of payroll tax to align with the refund timeframes in the Victorian and New South Wales Payroll Tax Acts, and enable the Commissioner to offset a refund of payroll tax against other tax liabilities of the employer.
- *Taxation Administration Act 1997 (Tas)*
 - extend the standard reassessment timeframe from three to five years and extend a taxpayer’s entitlement to a refund from three to five years (or for four financial years where land tax was paid by instalments) to better align with Victorian and New South Wales reassessment and refund timeframes.
 - enable the Commissioner to remit unfair preference payments (and other payments that constitute voidable transactions for the purposes of the Corporations Act) directly to a liquidator to the extent he is lawfully required to do so.
 - enable the Commissioner to offset refunds of overpaid tax, and interest payable on such refunds to the taxpayer, against other tax liabilities of the taxpayer.

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Superannuation update

Government releases draft legislation on superannuation reforms

The Federal Treasurer has released the second and third tranches of draft legislation on the superannuation reforms announced in the 2016-17 Australian Federal Budget.

The third tranche of measures were [released](#) by the Treasurer on 14 October 2016. The [exposure draft legislation](#) covers the following measures:

- lower the annual non-concessional contributions cap to \$100,000 from 1 July 2017
- restrict eligibility to make non-concessional contributions to individuals with superannuation balances below \$1.6 million from 1 July 2017, and
- further amendments to improve the superannuation administration arrangements.

Refer to our feature article, [Superannuation: where are we since the 2016-17 Federal Budget?](#) for a snapshot of the status of all currently proposed reforms to superannuation including details on the

first and second tranches of superannuation draft legislation.

Productivity Commission work on Superannuation

The Productivity Commission has released an [Issues Paper](#) to assist participants in preparing a submission to the public inquiry into Alternative Default Models for superannuation. This is part of the second phase of the Commission's work on superannuation stemming from the Government's response to the recommendations of the 2014 Financial System Inquiry. This inquiry will examine alternative models for a formal competitive process for allocating default fund members in the superannuation system to products and to develop a workable model, or models, that could be implemented by Government if a new model for allocating default fund members to products is desirable.

Initial submissions are due by Friday 28 October 2016. Opportunity for further comment will be sought upon release of the draft report in March 2017.

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Legislative update

Commonwealth revenue measures introduced into Parliament or registered as legislative instruments or regulations since our previous TaxTalk publication include the following:

The following Bills were introduced to Parliament on 12 October 2016 as part of the revised working holiday maker ("backpacker") reform package:

- [Treasury Laws Amendment \(Working Holiday Maker Reform\) Bill 2016](#) and [Income Tax Rates](#)

[Amendment \(Working Holiday Maker Reform\) Bill 2016](#) which propose to change the rate of income tax applied to a "working holiday maker's" taxable income (to 19 per cent on taxable income of up to AUD 37,000) and require employers of working holiday makers to register with the Australian Taxation Office. Refer to the Employment Taxes Update for further information.

- [Superannuation \(Departing Australia Superannuation Payments Tax\) Amendment Bill 2016](#) which proposes to increase the rate of tax to 95 per cent on a departing Australia superannuation payment made to a "working holiday maker".
- [Passenger Movement Charge Amendment Bill 2016](#) which proposes to increase the passenger movement charge from AUD 55 to AUD 60.

The [Customs Tariff Amendment \(Expanded Information Technology Agreement Implementation and Other Measures\) Bill 2016](#), proposes to implement commitments made in the 2016-17 Australian Federal Budget to reduce customs duty on certain information technology products. It also makes amendments to the *Customs Tariff Act 1995* to remove the customs duty on certain information technology products.

[Customs Tariff Amendment \(2017 Harmonized System Changes\) Bill 2016](#) and the related [Customs Amendment \(2017 Harmonized System Changes\) Bill 2016](#), which were introduced into Parliament on

13 October 2016, propose to amend the *Customs Tariff Act 1995* to implement changes resulting from the fifth review of the International Convention on the Harmonized Commodity Description and Coding System by the World Customs Organisation, commonly referred to as the Harmonized System.

[PAYG Withholding Variation: Labour Hire reimbursements and allowances](#), registered on 4 October 2016, varies to nil the rate of withholding required by a payer under the pay as you go (PAYG) withholding system for a payment by a labour hire entity to a labour hire worker in respect of certain payments for reimbursement of actual deductible expenses incurred, or for the payment of certain cents per kilometre or domestic or overseas travel allowances.

The following Bills have now received Royal Assent:

[International Tax Agreements Amendment Bill 2016](#) received Royal Assent on 20 October 2016 and gives domestic effect to the new tax treaty between Australia and German. For entry into force, Australia and Germany must now exchange instruments of ratification on the completion of the necessary implementing domestic procedures.

[Treasury Laws Amendment \(Income Tax Relief\) Bill 2016](#) received Royal Assent on 20 October 2016 gives effect to the increase in the third personal tax bracket for resident individuals from AUD 80,000 to AUD 87,000 from 1 July 2016.

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Other news

Current ATO consultation activity

The Australian Taxation Office (ATO) is currently consulting on a [draft framework](#) on how key players in the tax and super systems can work together with the ATO to realise opportunities and meet the needs of the community. The framework was developed through a series of workshops, interviews and consultation sessions with tax agents, BAS agents, software developers, professional association representatives and the Tax Practitioners Board. The ATO is inviting feedback and comments through its [discussion board](#) on the ATO website.

The ATO is also seeking comments on issues raised in a [consultation paper](#) regarding the substantiation exception for claiming deductions for reasonable travel allowance expenses. The ATO has indicated that increasingly, it has noticed a disparity between travel allowances paid and deductions claimed for accommodation, meals, and incidentals. This has increased the incidence of the ATO checking these claims. Comments on the ATO paper are due by 22 November 2016.

The ATO has also indicated that it is currently [consulting](#) on the following matters:

- tax treatment of retail premiums received by resident and non-resident shareholders in a renounceable rights offer
- exploration expenditure deductions - ATO compliance approach
- Government specific Fringe Benefits Tax web content, and
- special conditions under section 50-50 of the *Income Tax Assessment Act 1997* as applicable to not-for-profit organisations.

The ATO has launched a new page on its website, the [Advice Under Development Program](#), which shows in one place all of the issues on which the ATO is preparing public advice and guidance. It replaces the ATO Rulings program and the Law Administration Practice Statement program. Issues are listed by tax topic including:

- [income tax issues](#)
- [capital gains tax issues](#)

- [international issues](#)
- [fringe benefits tax issues](#)
- [goods and services tax issues](#)
- [superannuation issues](#), and
- [petroleum resource rent tax issues](#).

The ATO has also provided details of [Project Refresh](#), an initiative to modernise existing public rulings, which may include withdrawal, update, rewrite or consolidation of related rulings. A list of rulings for [potential withdrawal](#) under this initiative is now available. Comments can be made on the planned treated of any rulings listed.

ATO and ACNC collaborate for change

The ATO and the Australian Charities and Not-for-profits Commission (ACNC) are [working together](#) to reduce administrative burden on charities. Ancillary funds registered as charities now only need to report once using the ACNC's online [Annual Information Statement](#) instead of the dual reporting to both agencies required in prior years. Ancillary funds will also have an extension of time until 28 February 2017 to complete their 2016 Annual Information Statement.

Inspector-General of Taxation Work Program 2017

The Inspector-General of Taxation (IGT) has [announced](#) the commencement of public consultation on setting of his new work program for 2017. In developing the work program, the IGT will consult with a range of public sector stakeholders including the Commissioner of Taxation, the Chair of the Tax Practitioners Board, the Treasury and the Auditor-General. Submissions close on 9 December 2016.

Australia - Singapore Comprehensive Strategic Partnership

The Prime Minister of Australia and the Prime Minister of Singapore have released a [joint communique](#) on bilateral cooperation under the Comprehensive Strategic Partnership. An [agreement to amend the Singapore-Australian Free Trade](#)

Agreement (SAFTA) was also made to expand economic cooperation. Both countries reaffirmed their commitment for an early conclusion to the Regional Comprehensive Economic Partnership Agreement and for the prompt entry into force of the Trans-Pacific Partnership (TPP) Agreement. SAFTA will also reduce red tape for investors from

Singapore by harmonising the Foreign Investment Review Board screening thresholds for Singapore with those agreed under the TPP Agreement.

Let's talk

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

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