



MEDIA RELEASE

AFMA calls for tax changes to support Australian markets

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The Australian Financial Markets Association (AFMA) has called for a number of changes to the Australian taxation system to remove barriers to Australia's competitiveness.

Rob Colquhoun, Director of Policy, said the recommendations were designed to be pragmatic yet effective.

"It's important we focus on measures that will make a real difference for the finance industry and its ability to serve the needs of the wider economy. Our recommendations are practical and in many instances seek updating of the legal framework that has been neglected over many years. We are looking to the Government to acknowledge consistent recommendations from a number of previous reviews and adopt measures that are straightforward and not cost-prohibitive."

Key points of the AFMA recommendations include:

- That the Government commit to adopting a whole of government approach to taxation and regulatory policy implementation.
- That a reduction in the company tax rate be prioritised so as to enhance Australia's competitiveness with other jurisdictions in the region.
- That the dividend imputation system be retained.
- That interest incurred to acquire an income producing asset continues to be deductible across any asset class, with reform needed to ensure that those investors that seek capital protection are not unfairly penalised.
- That the tax rules that apply to foreign bank branches be modernised so as to enhance banking competition.
- That the Government proceed with the abolition of the LIBOR cap as a matter of urgency.
- That the phase-down of interest withholding tax for financial institutions again be committed to and implemented.
- That reform to modernise the Offshore Banking Unit regime be continued such that it enhances Australia's financial service exports.
- That the Board of Taxation report into the tax arrangements applying to branches be released.

For a copy of the full submission, email kwestlake@thecontinuumpartners.com.

About AFMA:

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The Australian Financial Markets Association (AFMA) is the leading industry association promoting efficiency, integrity and professionalism in Australia's financial markets and provides leadership in advancing the interests of all market participants. These markets are an integral feature of the economy and perform the vital function of facilitating the efficient use of capital and management of risk. Market participants perform a range of important roles within these markets, including financial intermediation and market making.

AFMA represents over 130 members, including Australian and international banks, leading brokers, securities companies, state government treasury corporations, fund managers, traders in electricity and other specialised markets and industry service providers. A [list of AFMA members](#) is available on the AFMA website.

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