



## Media Release

### Government Announcement on Backlog of Tax Measures

**14 December 2013**

The Australian Financial Markets Association (AFMA) today welcomed the confirmation by the Assistant Treasurer, Senator the Hon Arthur Sinodinos AO, that the Government will proceed with tax law amendments to confirm the existing practice in relation to instalment warrants and, thus, remove a potential tax uncertainty for investors.

AFMA's Executive Director, David Lynch, commented:

"Instalment warrants have been a popular means for small investors to access the securities market over many years and it's desirable to ensure the law is immune from risk of an interpretation that might conflict with government policy in this area".

The changes will confirm the practice of treating an investor in an instalment warrant over specified assets as the owner of the security for income tax purposes. This will ensure that there are no adverse capital gains tax consequences for investors that roll securities in or out of an instalment warrant, and that franking credits flow appropriately to the economic owner of the securities.

AFMA is also pleased that the Government is committed to reforming the GST provisions to clarify the meaning of "connected with Australia" and aligning the GST rules to those applied for income tax. This measure will enhance Australia's competitiveness and is consistent with the Government's deregulation agenda.

AFMA will assess the impact on securities lending of the Government's decision not to fix a technical flaw in the taxation consequences arising for a lender of securities that is faced with an insolvent borrower, and may consider further liaison with the Government and the ATO on this issue to seek a workable solution.

#### **Notes for Editors:**

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. 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.

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