



MEDIA RELEASE

Greater Tax Certainty for the Instalment Warrants Market

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AFMA welcomes the announcement by the Assistant Treasurer, the Hon Bill Shorten MP, yesterday that the Government will extend the proposed income tax look-through treatment to cover instalment warrants and receipts over direct and indirect interests in listed securities, as well as unlisted securities in widely held entities and bundles of these assets.

Instalment warrants are long established as a significant and popular investment product that is used by a range of investors, including small investors and self-managed superannuation funds. Instalment warrants are issued over a variety of interests including registered managed investment schemes, unlisted unit trusts and baskets of shares, as well as single stocks.

The Government's announcement will more comprehensively address the uncertainty that flowed from the Tax Office's recently expressed view on absolute entitlement and instalment warrants. The greater clarity is beneficial to many ordinary investors and issuers in the instalment warrants market and should assist the efficient administration of the tax system.

AFMA has sought a broader solution to the absolute entitlement uncertainty than was initially proposed during the consultation process on the measures. AFMA will review the forthcoming exposure draft legislation to assess the effectiveness of its application to all financial products affected by the Tax Office's view.

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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. 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.

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