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**NATIONAL INNOVATION AND SCIENCE AGENDA – INCREASING ACCESS TO COMPANY LOSSES: EXPOSURE DRAFT BILL**

I suggest a correction to the proposed substitute subsection 175-40(2) of the ITAA 1997 (item 10 of the draft Schedule). In paragraph (b)(ii), change “same business test” to ”business continuity test”.

This would be consistent with the proposed repeal of the definition of “same business test” (item 157 of the draft Schedule” and with the proposed new wording of s 165-13 (as amended by items 39, 40 and 41 of the draft Schedule).

Notwithstanding that the similar business test will have no application to a loss for an income year starting before 1 July 2015, the phrase “business continuity test” is now the appropriate way to refer to the same business test set out in the amended s 165-20. This is recognized in item 94 of the draft Schedule (amending s 175-80).

Paragraph 1.44 of the draft Explanatory Memorandum is already consistent with this change to item 10.

Why subsections 175-40(2) and 175-80(2) [item 11 of the draft Schedule] are being confined to losses for an income year starting before 1 July 2015 is not explained in the Explanatory Memorandum.

Yours sincerely

G F Parkin