



Australian Government

The Treasury

MAINTAINING THE EFFECTIVENESS OF THE GENERAL ANTI-AVOIDANCE RULE

SUMMARY OF CONSULTATION PROCESS

The Government announced on 1 March 2012 that it would act to protect the integrity of Australia's tax system by introducing amendments to Part IVA of the *Income Tax Assessment Act 1936*.

This measure was included in Tax Laws Amendment (Tax Avoidance and Multinational Profit Shifting) Bill 2013, which was introduced into Parliament on Wednesday, 13 February 2013.

Consultation process

The Government appointed a roundtable of academic and practitioner experts to advise on how best to implement the proposed clarifications to the law without inappropriately affecting genuine commercial and business activity. Meetings were held with the roundtable members in Canberra or by telephone on 16 May 2012, 26 September 2012, 31 October 2012 and 6 December 2012.

Public consultation on the draft legislation was conducted between 16 November 2012 and 19 December 2012. 23 submissions were received.

Submissions can be viewed on the [Treasury website](#).

Summary of key issues

Many submissions suggested that the approach taken in the exposure draft legislation was overly prescriptive and would introduce new and difficult concepts into the provisions.

The Bill simplified the expression of the assumptions and removed concepts that were said to be uncertain.

Some submissions opposed the requirement that tax costs be disregarded when constructing an alternative postulate to a scheme to work out whether the scheme produced a tax benefit.

The Bill did not omit that requirement because it would be inconsistent with the policy underlying Part IVA of countering artificial or contrived tax avoidance schemes by exposing their substance or reality to the ordinary operation of the law.

A number of submissions proposed delaying application of the amendments until the Royal Assent.

This proposal was not adopted as it would have allowed taxpayers to gain an advantage from artificial or contrived schemes entered into between the release of the exposure draft and the Royal Assent.

Feedback

Feedback on the consultation process for this measure can be forwarded to consultation@treasury.gov.au . Alternatively, you can contact Kate Roff on (02) 6263 3835.

Thank you to all participants in the consultation process.