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THE PARLIAMENT OF THE COMMONWEALTH OF
AUSTRALIA

HOUSE OF REPRESENTATIVES

**INFRASTRUCTURE CERTIFICATE CANCELLATION TAX
BILL 1994**

EXPLANATORY MEMORANDUM

(Circulated by the authority of the Treasurer,
the Honourable Ralph Willis, M.P.)



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General Outline and Financial Impact

The Infrastructure Certificate Cancellation Tax Act 1994 will amend the *Income Tax Assessment Act 1936* (the Tax Act) to impose a tax on the certificate holder as a consequence of a breach of the conditions relating to a certificate issued allowing the holder to raise funds through "infrastructure borrowings". The new arrangements for infrastructure borrowings announced in the *Working Nation Statement* will apply to borrowings undertaken on or after the date the *Taxation Laws Amendment (Infrastructure Borrowings) Bill 1994* receives Royal Assent.

Date of Effect: The imposition of a tax as a consequence of the conditions relating to infrastructure borrowings will apply from the date the Bill receives Royal Assent.

Financial Impact: The proposal will reduce the potential for future losses to the revenue.

Clauses involved in proposed amendments

Clause 1: Specifies the short title of this Act.

Clause 2: This Act commences on the day which it receives Royal Assent.

Clause 3: Imposes the tax on the infrastructure certificate cancellation amount calculated under the formula in proposed subsection 159GZZZZH(1) of the Tax Act.

Clause 4: Specifies that the tax imposed by the Bill will be equal to the infrastructure certificate cancellation amount.

