

Saturday 6th August, 2005

"Update on various current Income Tax issues relevant to banking and finance transactions"

Presenter- David Temby ,Tax Partner, Mallesons Stephen Jaques, Sydney.

(1) Infrastructure financing- impact of section 51AD/Division 16D and status of their replacement with proposed Division 250.

(2) Recognition of income and losses from all financial arrangements- status of the fundamental changes that are proposed to occur in this area under the so called TOFA 3 & 4 rules (and replacement of the current accruals rules in Division 16E).

(3) Interest deductibility - report on the debate about solvency and subordination clauses in financing documents and their impact on whether the loan is a debt (rather than an equity) interest for tax purposes.

(4) Exemptions from Australian interest withholding tax ;
(a) possible impact of recent expansion of section 128F to 'debt interests' for tax purposes (rather than only applying to debentures), and
(b) observations on the effectiveness of the financial institution exemption in Article 11 of the new US and UK double tax treaties."