

**The Institute of Chartered Accountants in Australia**  
**“Stimulating business activity in the current economic slowdown”**  
**Immediate priority tax policy initiatives**

**Investment allowance**

- Software and intangibles should be included
- Deadline for investment needs to be extended – investment decision lead times are long
- Lessor to lessee deduction pass-on
- Broader tests for self-constructed assets
- Inclusion of capital works
- Refundable offset model for small to medium-sized taxpayers

**Tax loss ‘carry-back’**

- Ability to offset prior year profits – with some limitations
- Alternative limited “cash-out” arrangement where Government buys the taxpayer’s losses
- US and UK precedents – smaller taxpayers

**Infrastructure project loss flow-through**

- Trapped losses act as a discentive for major investment
- Allowing loss flow-through reduces cost of funding for parties to a syndicated project
- Loss realisation could be brought forward
- Refundable offset, or “cash-out” model, could be adopted at member or syndicate level
- Same principles could apply to flow-through shares for junior mining and exploration companies

**Same business and continuity of ownership tests**

- Rules should be relaxed to provide reasonable access to losses
- Move to a ‘similar business test’ and temporary exceptions for unusual ownership events

**Deferral of PAYG, GST and FBT**

- Temporary deferrals of some obligations to ease cash flow burden
- Regulation making power now available for PAYG instalments
- Limit to small businesses

**Thin capitalisation**

- Introduce a temporary moratorium on denial of interest deductions resulting from declining asset values
- Allow eligibility for deductions based on entitlement from last income year

**Employee retention policies**

- Consider introduction of incentives for employers to retain (and hire) staff
- Refundable offset of portion of salary and wages cost
- Incentive for training and development of retained staff
- Disincentive for not spending on training and development

