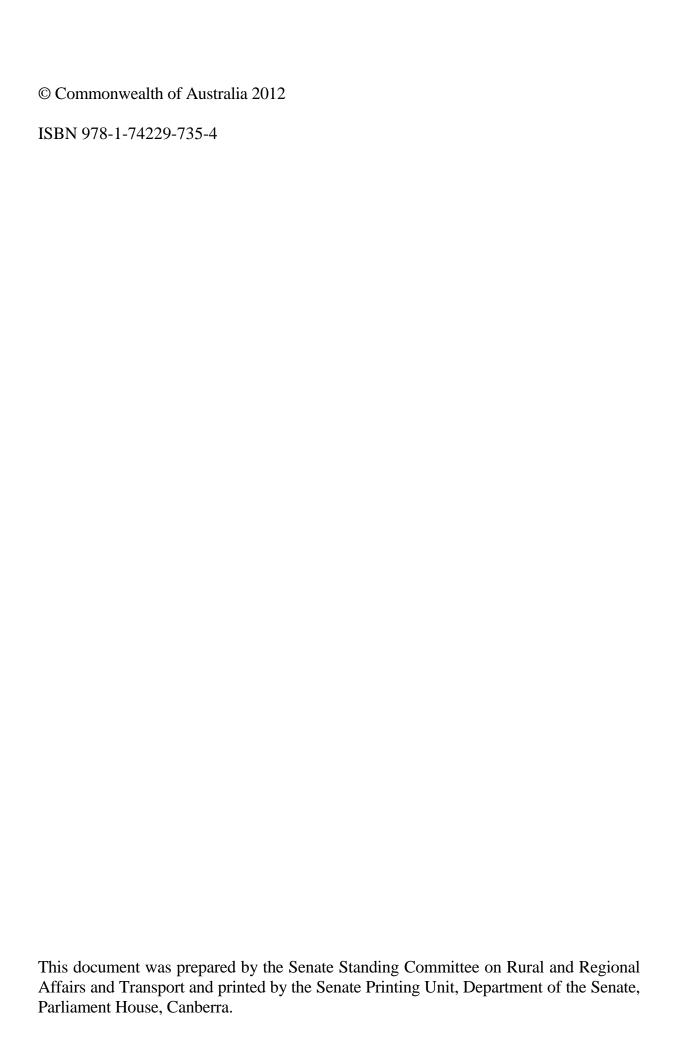
### The Senate

Rural and Regional Affairs and Transport References Committee

Examination of the Foreign Investment Review Board National Interest Test

Interim report: Tax arrangements for foreign investment in agriculture and the limitations of the *Foreign Acquisitions and Takeovers Act* 1975



## Membership of the committee

#### **Members**

Senator the Hon. Bill Heffernan, Chair New South Wales, LP Senator Glenn Sterle, Deputy Chair Western Australia, ALP Senator Sean Edwards South Australia, LP Senator Christine Milne (until 11 September 2012) Tasmania, AG Senator Fiona Nash New South Wales, NATS Senator Anne Urquhart (until 27 June 2012) Tasmania, ALP Senator the Hon. Lin Thorp (from 27 June 2012) Tasmania, ALP Senator Peter Whish-Wilson (from 11 September 2012) Tasmania, AG

#### Substitute members for this inquiry

Senator John Williams New South Wales, NATS

to replace Senator Fiona Nash on 9 February 2012

Senator Bridget McKenzie Victoria, NATS

to replace Senator Fiona Nash on 17 February 2012 (9am to 2pm)

Senator Gary Humphries Australian Capital Territory, LP

to replace Senator Fiona Nash on 17 February 2012 (2pm to 5:45pm)

#### Participating members participating in this inquiry

Senator Judith Adams Western Australia, LP Senator Chris Back Western Australia, LP Senator the Hon. Richard Colbeck Tasmania, LP Senator David Fawcett South Australia, LP South Australia, ALP Senator Alex Gallacher Senator Barnaby Joyce Queensland, NATS Senator Bridget McKenzie Victoria, NATS Senator Matt Thistlethwaite New South Wales, ALP Senator John Williams New South Wales, NATS Senator Nick Xenophon South Australia, IND

#### **Secretariat**

Mr Stephen Palethorpe, Secretary (from 5 March 2012)

Ms Jeanette Radcliffe, Secretary (until 2 March 2012)

Ms Jackie Morris, Acting Secretary (from 8 to 28 June 2012)

Dr Chris Curran, Principal Research Officer

Ms Trish Carling, Senior Research Officer

Ms Lauren McDougall, Executive Assistant (until 9 March 2012)

Ms Carol Stewart, Administrative Officer (from 13 March to 21 September 2012)

Ms Lauren Carnevale, Administrative Officer (from 24 September 2012)

PO Box 6100 Parliament House Canberra ACT 2600 Ph: 02 6277 3511

Fax: 02 6277 5811

E-mail: rrat.sen@aph.gov.au

Internet: www.aph.gov.au/senate\_rrat

# TABLE OF CONTENTS

Membership of committee	iii
Abbreviations	vii
Recommendations	ix
Chapter 1	1
Introduction	1
Structure of the report	2
Global food task	3
Conduct of the inquiry	3
Acknowledgements	4
Note on references	4
Chapter 2	5
Tax arrangements for foreign investment in Australian agriculture	5
Transfer pricing	6
Capital gains tax arrangements	12
Passive income	15
Pathways for business – tax on domestic entities versus foreign entities	16
Chapter 3	21
Inadequacies of the Foreign Acquisitions and Takeovers Act	21
Additional Comments by Senator Nick Xenophon	25
Appendix 1	27
Terms of Reference	27
Appendix 2	29
Submissions Received	29

Appendix 3	33
Public Hearings and Witnesses	33