

Recommendations

Recommendation 1

2.18 The committee recommends that in order to prevent tax revenue leakage and market distortions, the government undertake an extensive review of the tax arrangements applying to foreign investments and acquisitions in the agricultural sector.

Recommendation 2

2.23 The committee recommends that as part of the broader review outlined in Recommendation 1, the government should review Australia's tax laws that apply to tax exemptions for not-for-profit activities for foreign entities. The review should examine ways to prevent tax revenue leakage when foreign government entities undertake agricultural production in Australia for humanitarian purposes or for food security.

Recommendation 3

2.24 The committee recommends that the government require that any non-commercial production from agricultural land and businesses by foreign government entities (including for the purposes of food security) is undertaken within relevant Australian Government foreign aid programs.

Recommendation 4

2.36 The committee recommends that as part of the broader review outlined in Recommendation 1, the government should investigate ways of developing more rigorous tax liability arrangements for both government-owned and private foreign entity, particularly in relation to capital gains and passive income. In this regard, further efforts should be considered to limit the scope for foreign investors to use business structures, and other possible loopholes, not available to domestic competitors in order to reduce their tax burden.

Recommendation 5

2.46 The committee recommends that as part of the broader review outlined in Recommendation 1, the Government review the tax barriers for Australian organisations that limit Australian investment in long-term development projects in Australian agriculture. The review should explicitly compare tax arrangements for domestic entities to those faced by potential foreign investors in

Australian agriculture. The review should also consider possible reforms of tax regulation to improve incentives for Australian capital investment in agriculture.

Recommendation 6

3.8 The committee recommends that the government undertake a review of the *Foreign Acquisitions and Takeovers Act 1975* with the aim of developing proposed amendments that address contemporary issues of foreign investment, particularly in agriculture.

3.9 The review should specifically consider:

- **the definition of 'rural land' and 'urban land';**
- **drawing a distinction between the treatment of rural land and agricultural business; and**
- **any limitations that the *Foreign Acquisitions and Takeovers Act 1975* may place, either explicitly or implicitly, on the Foreign Investment Review Board's ability to effectively review the level and nature of foreign investment activities in Australia.**