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January 15, 2016

The Secretary
House of Representatives Standing Committee on Economics
Parliament House
CANBERRA ACT 2600

Dear Sir / Madam,

Submission to the Inquiry Into Tax Deductibility

Thank you for the opportunity to provide input into the House of Representatives Standing Committee on Economics Inquiry Into Tax Deductibility.

As one of Australia's largest ASX-listed companies CSL has a significant and ongoing interest in the structure and consistency of the company income tax system.

Further, as a globally integrated but historically Australian company we have a longterm corporate commitment to the conduct of medical research and product manufacturing in Australia. Recently, in various forums, we have been illustrating the practical impact of Australia's uncompetitive business tax environment and publicly advocating for strategic and targetted tax reform. We believe this is essential in order to provide an attractive investment environment for globally mobile capital such as advanced manufacturing.

In relation to your Committee's Inquiry regarding the tax deductibility of interest incurred by businesses, we are very concerned that the Government may be considering adopting an approach to corporate tax reform which gives with one hand whilst taking with the other.

In our opinion, to remove the existing tax deductibility on business interest would further disincentivise growth and productivity by increasing the cost of debt financed investment and reducing the incentive for investment by Australian companies. Headline reductions funded by increases elsewhere to the same parties would likely result in a nil net benefit to the nation.

CSL suggests the Committee recommend a tax-reform program focussed on growth, that offers incentives for new investments and a regime that motivates companies to invest in economically productive activities in Australia, not in a peer jurisdiction overseas.

Our June 2015 submission to the Re:think Tax Inquiry outlined our position in detail and is available [here](#).



CSL would be happy to participate in further discussion on these matters as appropriate.

Yours sincerely,

Mr Peter Larsen
Group Manager, Taxation