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It should be noted that the name of this Bill as introduced on 22 October 2009 is actually the Carbon Pollution Reduction Scheme (Consequential Amendments) Bill 2009. This Bill is not identical to the earlier Bill of the same name which was first introduced in the House of Representatives on 14 May 2009. However it is identical to the Bill (which included amendments made by the Government in the House of Representatives on 4 June 2009) which was negatived by the Senate on 13 August 2009.

The addition of the reference '[No. 2]' has been made by the Department of the House of Representatives Table Office to indicate that the Bill is introduced for a second time.

Carbon Pollution Reduction Scheme (Consequential Amendments) Bill 2009 [No. 2]

Leslie Nielson
Economics Section

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Carbon Pollution Reduction Scheme (Consequential Amendments) Bill 2009 [No. 2]

Date introduced: 22 October 2009

House: House of Representatives

Portfolio: Climate Change and Water

Commencement: Generally, at the same time as section 3 of the *Carbon Pollution Reduction Scheme Act 2009* (CPRS Act).[1] This particular section commences on the 28th day after the CPRS Act receives Royal Assent. However, if the related Acts have not themselves first received Royal Assent by the 28th day, if the CPRS Act does not commence at all. These related Acts[2] are:

- *Australian Climate Change Regulatory Authority Act 2009*
- *Carbon Pollution Reduction Scheme (Charges – Customs) Act 2009*
- *Carbon Pollution Reduction Scheme (Charges-Excise) Act 2009*
- *Carbon Pollution Reduction Scheme (Charges-General) Act 2009, and*
- *Carbon Pollution Reduction Scheme (Consequential Amendments) Act 2009* (this Bill).

Certain items do not commence at all if Schedule 1 to the *National Greenhouse and Energy Reporting Amendment Act 2009* commences before Schedule 3 to the CPRS Act. The provisions of the proposed *Carbon Pollution Reduction Scheme (Consequential Amendments) Act 2009* (CPRS Consequentials Act) whose commencement is affected by this particular condition are:

- **Item 64B** of Schedule 1, and
- **Item 66** of Schedule 1.

Other commencement conditions for provisions of the CPRS Consequentials Act are:

- Part 2, Schedule 1 – 1 July 2011, and

1. This Act will come into force upon the passage of the Carbon Pollution Reduction Scheme Bill 2009 [No. 2], as that Bill has been titled by the House of Representatives Table Office.
2. The titles of these Bills have been amended in the same way (by adding '[No. 2]') as noted in footnote 1.

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- Part 3, Schedule 1 – the latter of the commencement of section 3 of the CPRS Act and immediately after the commencement of Schedule 1 of the *National Greenhouse and Energy Reporting Amendment Act 2009*.

Links: The relevant links to the Bill, Explanatory Memorandum and second reading speech can be accessed via BillsNet, which is at http://www.aph.gov.au/bills/. When Bills have been passed they can be found at ComLaw, which is at http://www.comlaw.gov.au/.

Purpose

This Act amends various existing Commonwealth legislation as a consequence of the passing of the main legislation implementing the Government's Carbon Pollution Reduction Scheme referred to above as the CPRS Act. This latter Act is currently before Parliament. The following legislation is affected by the CPRS Consequential Amendments Bill:

- *Anti-Money Laundering and Counter Terrorism Financing Act 2006*
- *Australian Securities and Investments Commission Act 2001*
- *Corporations Act 2001*
- *Financial Management and Accountability Act 2007*
- *National Greenhouse and Energy Reporting Act 2007*
- *Ozone Protection and Synthetic Greenhouse Gas Management Act 1989*
- *Renewable Energy (Electricity) Act 2000*
- *Trade Practices Act 1974*
- *A New Tax System (Goods and Services Tax) Act 1999*
- *Income Tax Assessment Act 1936*
- *Income Tax Assessment Act 1997*, and
- *Taxation Administration Act 1953.*

Background

Reintroduction of the Carbon Pollution Reduction Scheme Bills and this Digest

The Carbon Pollution Reduction Scheme (Consequential Amendments) Bill 2009 (the original Bill) was first introduced into Parliament on 14 May 2009 as part of the 11-Bill Carbon Pollution Reduction Scheme (CPRS) package of legislation. Along with the other

CPRS Bills, the original Bill was passed by the House of Representatives on 4 June, but negatived in the Senate on 13 August 2009.

The content of the current Bill, now titled the Carbon Pollution Reduction Scheme (Consequential Amendments) Bill 2009 [No. 2], is virtually identical to the original Bill. As such, this Digest is largely unchanged from the Digest produced in June for the original Bill, with the exception of a brief comment on the only substantive change made to the original Bill.[3] For commentary on recent developments regarding the proposed CPRS, including the reintroduction of the CPRS Bills, see relevant sections in the revised Digest on the Carbon Pollution Reduction Scheme Bill [No. 2] 2009.

Basis of policy commitment

The proposed measures are based on the above mentioned Government White Paper entitled 'Carbon Pollution Reduction Scheme: Australia's Low Pollution Future' released by the Government on 15 December 2008. A link to that document is here.

Committee consideration

The Senate Standing Committee on Economics completed its inquiry and report on the Exposure Draft of the Carbon Pollution Reduction Scheme Bill 2009 and related Bills, one of which is the CPRS Consequentials Amendments Bill on 16 April 2009. Details of the inquiry are at http://www.aph.gov.au/Senate/committee/economics_ctte/cprs_09/info.htm .

The exposure draft legislation for the CPRS, one of which is the CPRS Consequentials Amendments Bill was also considered under broader terms of reference by the Senate Select Committee on Climate Policy, which reported on 15 June 2009. Details of this inquiry are at http://www.aph.gov.au/SENATE/committee/climate_ctte/index.htm .

The Senate Select Committee on Fuel and Energy's terms of reference also include inquiry into the impact of an emissions trading scheme on the fuel and energy industry. The Committee released an interim report on 7 May, before its final report due by 30 March 2010. Details of the inquiry are at http://www.aph.gov.au/SENATE/committee/fuelenergy_ctte/index.htm .

Position of significant interest groups/press commentary

Please refer to the Library's Bills Digest on the Carbon Pollution Reduction Scheme Bill 2009 [No. 2].

3. This comment is contained in the main provisions section of this Digest, and deals with **item 194**, new section 74AA of the *National Greenhouse and Energy Reporting Act 2007.*

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Pros and cons

The pros and cons of the proposed Carbon Pollution Reduction Scheme are extensively discussed in the Library's Bills Digest on the Carbon Pollution Reduction Scheme Bill 2009 [No. 2].

Coalition/Greens/Family First/Independents policy position/commitments

Likewise, the position of the various political groups, as of the date of publication, are discussed in the Library's Bills Digest on the Carbon Pollution Reduction Scheme Bill 2009 [No. 2].

Financial implications

The financial impact of the proposed Carbon Pollution Reduction Scheme is outlined in the Library's Bills Digest on the Carbon Pollution Reduction Scheme Bill 2009 [No. 2].

Main provisions

Schedule 1 – General amendments

Part 1 – Amendments commencing at the same time as section 3 of the *Carbon Pollution Reduction Scheme Act 2009* commences

Item 1A inserts a new definition of 'eligible emissions unit' into the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act). An eligible emissions unit is defined in **Clause 5** of the Carbon Pollution Reduction Scheme Bill 2009 (CPRS Bill) as an Australian emissions unit (AEU) or an eligible international emissions unit. These are emission units that are able to be surrendered by liable entities under the proposed Carbon Pollution Reduction Scheme (CPRS) to acquit their responsibilities under that scheme.

Briefly, an AEU is an emission unit issued by the proposed Australian Climate Change Regulatory Authority (the Authority). Eligible international emissions unit are certain emissions units arising from the operation of the 'flexible mechanisms' (such as the clean development mechanism) set up under the Kyoto Protocol to the United Nations Framework Convention on Climate Change. They may include other non-Australian sourced emissions units at a later date as the CPRS develops. The Library's recent Bills Digest on the Carbon Pollution Reduction Scheme Bill 2009 contains further details on the Kyoto Protocol, flexible mechanisms and the above-mentioned Convention.

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Item 1C will amend the AML/CTF Act so that an agent of a person acting as an agent of another person acquiring or disposing of an eligible emissions unit has to verify the identity of their principal.

Item 1 amends the *Australian Securities and Investment Commission Act 2001* so that both and AEU and an eligible international emissions unit are financial products for the purposes of this Act. Amendments in **Item 2** mean that providing a service in respect of these units is not the provision of a financial service for the purposes of this Act.

Item 6 amends the *Corporations Act 2001* so that both an AEU and an eligible international emissions unit are financial products for the purposes of this particular Act.

Items 13 to **66** amend the *National Greenhouse and Energy Reporting Act 2007* (NGER Act) so that previous references to the Greenhouse and Energy Data Officer (Officer) in this Act now refer to the Australian Climate Change Regulatory Authority. All the functions exercised by this Officer would now be exercised by the Authority.

Items 68 to **83** amend the *Renewable Energy (Electricity) Act 2000* so that the functions of the Renewable Energy Regulator under this Act would be exercised by the Authority.

Items 87 to **97** of this Schedule contain provisions that allow the transition of functions in relation to the CPRS, reporting of greenhouse gas emissions under the NGER Act and renewable energy to the Authority. Note in particular that under **item 93**, definitions of 'Office of the Renewable Energy Regulator', 'protected document', 'protected information' and 'Regulator' will continue to apply despite the repeal of the those provisions in the *Renewable Energy (Electricity) Act 2000*. **Item 96** also provides that if before the commencement of this item, if the accounts were described by specific terms and designated by particular authorities, they will have be considered effective under the new Act.

Part 2 – Amendments commending on 1 July 2011

Items 98 to **194** amend the NGER Act.

Item 101 inserts new **subsection 3(2)** so that one of the formal objectives of the NGER Act is to underpin the CPRS Act by imposing various registration, reporting and record-keeping requirement.

Item 109 repeals existing section 6 of the NGER Act and inserts new **sections 6**, **6A**, **6B**, and **6C** into that Act. These provisions define where this Act applies. In addition to the existing provisions new **section 6A** ensures that the NGER Act applies to Australia's continental shelf. New **section 6B** ensures that the NGER Act will also apply to the Joint Petroleum Development Area, between East Timor and Northern Australia.

Items 111 to **145** amend section 7 NGER Act so that the various definitions of terms used in the amended Act are updated.

Item 146 inserts new **sections 7A**, **7B**, **7C** and **7D** into the NGER Act. These amendments are vital for the operation of the CPRS Act. Briefly, these amendments define the following terms for CPRS Act purposes:

- new **section 7A** – definition of a greenhouse gas
- new **section 7B** – definition of a synthetic greenhouse gas
- new **section 7C** – definition of potential greenhouse gas emissions embodied in an amount of eligible upstream fuel,
  - the term eligible upstream fuel is defined in Clause 5 of the CPRS Bill to include a wide range of solid, liquid and gas fuels that may be supplied from either a producer (such as a coal mine) or importer (such as an oil company) through to the consumer, and
- new **section 7D** carbon dioxide equivalence of potential greenhouse gas emissions embodied in an amount of eligible upstream fuel.

These definitions are vital for the operation of Part 3 and Part 11 of the CPRS Act.

The CPRS operates on the basis of individual facilities. **Item 151** amends existing subsection 9(1) of the NGER Act so that the definition of a facility contained in this subsection applies to the CPRS Bill.

In the first instance liability under the CPRS rests on the person or entity that has operational control over a facility (this liability may pass to other parties under the CPRS – particularly the entity with financial control over a facility). **Item 172** inserts new **sections 11A**, **11B** and **11C** into the NGER Act to clarify which entity has operational control over a facility if two or more parties satisfy the criteria in existing section 11 of this Act for determining who controls a facility.

Item 173E inserts new **sections 15A**, **15B** and **15C** into the NGER Act. These sections require various persons or entities to register under this Act. These entities or persons are:

- a person or entity who was, or is, liable under the CPRS for the current eligible financial year, and/or
- a person or entity who, in the current eligible financial year, supplied an amount of eligible upstream fuel or synthetic greenhouse gas to another person, and that person quoted an 'obligation transfer number' (OTN) to the supplier.

An 'eligible financial year' is defined in **Item 5** of the CPRS Bill as a financial year beginning on 1 July 2011 or later financial year. It follows that the 'current eligible financial year' is simply a current financial year that starts after this date.

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An OTN is defined in **Clause 5** of the CPRS Bill as a number issued under either **Clause 44** or **45** of that Bill. Briefly, these numbers allow a suppliers' liability for greenhouse gas emissions embedded in eligible upstream fuels or synthetic greenhouse gases to be transferred to the recipient of these materials.

Item 181 inserts new **sections 22A** to **22F** in the NGER Act that require liable entities, OTN holders, fuel suppliers and holders of liability transfer certificates to report to the Authority and to keep records of such reports. Broadly, these reports are to be provided in the specified form and contain information that will allow the Authority to determine the emissions for which the entity or person is responsible under the CPRS scheme.

Maximum penalties for contravention of these requirements are 2000 penalty units ($220,000) for individuals and 10 000 penalty units ($1.1 million) for other entities.

Publication of information

Item 184 requires the Authority to publish information sourced from these reports on its website, especially the provisional emissions number applying to a particular liable entity.

Clause 5 of the CPRS Bill defines a provisional emission number as:

- having the meaning given by **Part 3** of that Bill, and
- the meaning given by new **sections 11B** and **11C** of the NGER Act.

Briefly, the provisional emissions number in **Part 3** of the CPRS Bill is the amount of greenhouse gases emitted by a liable entity. New **subsections 11B(7)** and **11C(7)** of the NGER Act define this number in terms of a formula that expresses this number in terms of emissions per liable person for those emissions.

This information has to be published by 28 February following the end of the relevant eligible financial year.

Comment – publication of information

An efficient emissions trading market runs on accurate and timely information. This particular provision is a significant contribution to the provision of that information.

Item 194 inserts new **sections 74AA-74C** into the NGER Act to strengthen the compliance aspects for the NGER Act.

For example, under new **section 74AA**, a person who is a liable entity for a particular financial year, is required to provide a report under new section 22A, and whose gross emissions exceed the relevant level specified in regulations, will be subject to a mandatory audit process. A failure to comply with the audit requirements carries a civil penalty, in the case of a corporation, of up to 1,000 penalty units ($110 000).

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New **section 74B** enables the Authority to require a non-group entity (individual) who they suspect of not complying with that Act to appoint a registered greenhouse and energy auditor. Further, this section gives the Authority the power to require that an audit of the non-group's operations be carried out by that appointed auditor.

New **section 74C** of the NGER Act allows the Authority to appoint a greenhouse gas and energy auditor without the need to hold a suspicion of non-compliance.

Amendments to the Ozone Protection and Synthetic Greenhouse Gas Management Act 1989

The synthetic greenhouse gases are hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF_6). These gases have a much greater global warming potential per tonne than carbon dioxide (CO_2) (ranging from 1000 to 23 000 times more potent over a 100–year timeframe). Emissions of many of these gases have been rapidly increasing, as they are used as substitutes for ozone–depleting substances controlled under the Montreal Protocol. They are used or produced in numerous industrial processes, mainly as:

- refrigerants for refrigeration and air conditioning equipment
- foam–blowing agents for some thermal insulation applications
- propellants in some aerosols
- extinguishing agents in some systems, and
- insulation gas in electrical switchgear.[4]

Item 199 inserts a definition of sulphur hexafluoride into section 7 of the *Ozone Protection and Synthetic Greenhouse Gas Management Act 1989* (Ozone Act). This gas is one of the six greenhouse gases controlled by the Kyoto Protocol and is covered by the CPRS scheme. Effectively this gas is now included in the controls imposed by the Ozone Act.

Item 203 inserts new **section 9A** into the Ozone Act which exempts synthetic greenhouse gases that are part of another manufactured product, from regulation under that Act. Thus where these gases are part of another manufactured product they are not covered under the CPRS scheme.

Item 217 inserts new **section 46A** into the Ozone Act that requires manufacturers, importers and exporters of synthetic greenhouse gases to give a report to the relevant Minister within 15 days of the end of the relevant quarter in which these action took place, if:

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4. Dr Julie Styles, Anita Talberg, Juli Tomaras, Leslie Nielson, *Carbon Pollution Reduction Scheme Bill 2009*, Bills Digest, no. 165, 2008–09, Parliamentary Library. Canberra, 2009, viewed 16 June 2009 http://www.aph.gov.au/library/pubs/bd/2008-09/09bd165.pdf .

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- such actions were not in circumstances covered by regulations made under paragraph 13(1A)(b) of the Ozone Act, and
- in the case of an importer the above criteria did not apply and the import was not covered by paragraph 68(1)(d) of the *Customs Act 1901.*

There is no requirement for the Minister to make these reports available to the Parliament.

Paragraph 13(1A)(b) of the Ozone Act allows the manufacture, import and/or export of synthetic greenhouse gases, where it takes places in these circumstances, to be prescribed in regulations.

Paragraph 68(1)(d) covers goods that are accompanied or unaccompanied personal or household effects of a passenger, or a member of a crew, of a ship or aircraft.

Thus, amounts of synthetic greenhouse gases covered by the Ozone Act imported as personal luggage are covered by the provisions of the Ozone Act. Given the very high unit value of some of these gases it may have been possible to profitably import an amount of these gases as personal luggage and not had these imports covered by this Act, or regulated by the CPRS Scheme, but for this particular provision.

Schedule 2 – Taxation amendments

Item 1 of **Schedule 2** inserts **subsection 9-10(3B)** into the *A New Tax (Goods and Services Tax) Act 1999* (GST Act). The effect of this amendment is that the supply of an eligible emissions unit of a Kyoto Unit is a supply of a personal property right under tax legislation and therefore subject to the Goods and Services Tax (GST).

Briefly, liability for GST arises where a registered business supplies goods or services to its customers. The GST is imposed at the rate of 10 per cent. Typically, it is included in the price paid by the recipient of the goods and services. The supplier must account for the amount of GST to the Australian Taxation Office.

If the recipient of goods or services is a registered business entity, it will normally be able to claim a credit for the amount of GST it has paid, provided it holds a tax invoice. This credit — called an input tax credit — is offset against any GST on goods or services that the recipient supplies to its own customers.[5]

Comment – Application of GST to AEUs and Kyoto Units.

The application of GST to AEUs and Kyoto units is controversial. The following comment from the Taxation Institute explains some of the major concerns:

5. CCH, *2009 Australian Master Tax Guide*, Topic 34-101 – A ten point guide to the GST.

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> The GST is proposed to be applied to trading in emissions units. This approach is based upon the mistaken belief that an emissions unit is akin to any other business input (eg a piece of steel) and that consistency of treatment with other inputs is more important than any compliance costs imposed on consumers. The Government also believes that the reduction in compliance costs to the community in respect of the trading of emission permits ". . . would undermine the objective of meeting Australia's emissions reductions in a cost-effective way by providing a preferential GST treatment for emissions units relative to pursuing other ways of reducing emissions". However, loading the cost of emissions permits with inefficient and distortionary compliance costs only reduces the efficiency of the Carbon Pollution Reduction Scheme **(CPRS).** It should be the market price of the units that encourages other ways of reducing emissions not compliance costs.
>
> The problem is that an emissions unit will not be traded like a piece of steel, where an order is sent to a supplier, who some days later, delivers the steel. Rather, due to the design of the scheme which discourages holding of emission units, the trades will occur in high volumes (with in excess of 460 million permits available to be traded), electronically, in split seconds by traders in a market not dissimilar to the stock exchange or the futures market. Currently, those finance trading markets do not apply GST to dealings in marketable securities such as shares and options.[6]

Clause 5 of the CPRS Bill defines a Kyoto unit to mean:

- an assigned amount unit (AAUs)
- a certified emissions reduction unit (CER)
- and emissions reduction unit (ERU)
- a removal unit (RU), or
- a prescribed unit issued in accordance with the Kyoto rules.

The first four of these units arise under the current Kyoto Protocol. AAUs will not be accepted for CPRS purposes. An unlimited number of CERs will be accepted for CPRS purposes. However, some conditions apply to the acceptance of ERUs and RUs for CPRS purposes. The last dot point refers to any future type of unit issued under the Kyoto Protocol, or its successor.

Items 3 and **4** insert a reference to the definition of an eligible emission unit and a Kyoto Unit in the CPRS Bill, into section 195-1 of the GST Act.

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6. Taxation Institute, Carbon Pollution Reduction Scheme (Consequential Amendments) Bill 2009, letter to the Senate Standing Committee on Economics, 5 June 2009, viewed 15 June 2009 http://www.aph.gov.au/Senate/committee/economics_ctte/cprs_2_09/submissions/sub36.pdf .

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Item 6 ensures that an eligible emission unit and a Kyoto unit are not 'real property' for GST purposes.

Item 10 inserts new **section 70-12** into the *Income Tax Assessment Act 1997* (ITAA97). The effect of this new section is that a registered emissions unit is not trading stock for taxation purposes. This does not mean that these units cannot be traded.

A registered emissions unit is defined in new **section 420-10** (see **Item 19** of **Schedule 2**) as either an eligible emissions unit or a Kyoto Unit for CPRS purposes that is entered in the relevant register maintained by the Authority.

Section 70-10, ITAA97 defines trading stock as anything produced, manufactured or acquired that is held for purposes of manufacture, sale or exchange in the ordinary course of a business. As noted above, this category does not include the holding of a registered emissions unit. The special rules applying to the taxation treatment of trading stock in the income tax legislation do not apply to these units. The following noted amendments however do establish a taxation regime applying to registered emissions units.

Item 15 inserts **section 104-205** into the ITAA97. This section defines a new CGT event K1 in relation to an international emissions unit and defines the amount of capital gain or loss in relation to that unit.

Item 45 inserts the definition of the term international emissions unit into sub-section 995(1) ITAA97. Briefly, this term is defined as:

- (a) a Kyoto unit (see above discussion) or
- (b) a non-Kyoto international emissions unit.

Clause 5 of the CPRS Bill defines this latter term to be either (a) a prescribed unit issued in accordance with an international agreement (other than the Kyoto Protocol) or (b) a prescribed unit issued outside Australia under a law of a foreign country. An example of the latter units are the emissions permits issued under the European Union Emissions Trading Scheme. For the moment, these latter units are not accepted for CPRS purposes.

Item 17 inserts **section 118-15** into the ITAA97. This new section exempts capital gains and capital losses made from a registered emissions unit from the capital gains tax provisions of this Act. However, this does not mean that income and losses from this source are not assessed at all (see **Item 19** following).

Item 19 – Taxation of registered emissions units

Item 19 of this Schedule inserts new **Part 3-50** into the ITAA97. Generally, this Part sets out the taxation arrangements for gains or losses arising from the acquisition and disposal of registered emissions units.

As noted above new **section 420-10** defines what a registered emission unit is for taxation purposes.

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New **section 420-15** allows the deduction of expenditure incurred in becoming a holder of registered emissions units, except where:

- they were provided free of charge to the holder under the Emissions Intensive Trade Exposed assistance program or assistance to the coal fired power generators (**new subsection 420-15(3)**)
- provided as a result of reforestation activities (**new subsection 420-15(4)**
- provided as a result of the destruction of synthetic greenhouse gases (**new subsection 420-15(5)**), or
- if the sale proceeds of that unit would not be assessable for taxation purposes (**new subsection 420-15(6)**).

The expenses incurred in ceasing to hold a registered emission unit are also deductible under **new section 420-42**.

New section 420-25 includes the gross amount received on the disposal of a registered emission unit in a person's or entity's assessable income. As noted earlier, the expenditure incurred in becoming the holder of these units, as well as disposing them, is tax deductible.

Comment - Inclusion of changes in value of registered emissions units in assessable income

The increase and decrease in the value of registered emissions units held over an income year, is also included in a person's or entity's taxable income under new **section 420-45**.

This approach is unusual. Usually, a person or entity would have either the gains or losses arising from the disposal of an asset assessed only when that asset was sold. The proposed measure in this section would include the unrealised gains or losses of registered emissions units held over an income year in the entity's assessable income. The unrealised gains would be assessable, but not representative of a real increase in the entity's income for that period. This may lead to the entity paying tax on assessed income they have, in fact, not yet realised.

Concluding comments

One of the key foundations of any emissions trading scheme is the accurate collection and dissemination of information on emissions and liability for those emissions. Without this information liability entities, and the regulators, cannot accurately administer such schemes. The proposed changes in the CPRS Consequentials Bill require the collection and dissemination of this information. If the CPRS scheme is to commence the amendments in this Bill are essential to its successful operation.

Further, this Bill sets out the taxation treatment of gains and losses arising from the acquisition, holding and disposal of registered emissions units. Again, these are vital

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legislative provisions and must proceed through Parliament if the main CPRS Bill also passes through Parliament.

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