

Screen production gets ready for GST

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clear how this will affect producers when they raise private investment or bodies such as the Film Finance Corporation.

Other implications

Other significant changes include the replacement of the provisional tax system with the Pay As You Go (PAYG) system, and the introduction of the Australian Business Number (ABN). Under PAYG, taxpayers who previously made provisional tax payments will now pay quarterly instalments on October, January, April and July 21, based upon estimated actual income earned for the quarter on non-PAYE income.

The ABN is designed to be a single business identifier for all registered companies, government entities and other business enterprises. The definition of an enterprise includes individuals and other unincorporated entities. Whatever the administrative efficiency aim, the measure clearly has anti-avoidance implications. Any business that receives an invoice will be required to withhold up to 48.5% of the payment unless the supplier provides an ABN.

As a result, given the freelance nature of the production industry and the use of lender companies to supply services, many in the industry will need to decide if it is more cost efficient for them to be treated as employees.

Nick Herd is executive director of the Screen Producers Association of Australia

The New Internet Content Laws

Federal Parliament recently passed the Broadcasting Services Amendment (Online Services) Bill 1999, which regulates the activities of Internet service providers and others hosting Internet content. How will the new Internet content laws work? How will they affect your business?

A seminar series organised by the Communications Law Centre, Clayton Utz and the Internet Industry Association of Australia provides an opportunity to hear from the key people involved in the regulation and self-regulatory arrangements for Internet content in Australia.

The speakers are Andree Wright, Director, Policy and Content Regulation, Australian Broadcasting Authority; Kathryn Patterson, Director, Office of Film and Literature Classification; and Peter Coroneos, Executive Director, Internet Industry Association

The seminars will take place from 8.15am for 8.30am - 10.00am at the following places:

- Sydney, Tuesday October 12, 1999 at Clayton Utz, Level 34, 1 O'Connell Street.
- Melbourne, Thursday October 14, 1999 at Clayton Utz, 333 Collins Street.
- Brisbane, Tuesday October 19, 1999 at Clayton Utz, 215 Adelaide Street.

Cost: IIA members \$35; others \$45. Contact the Communications Law Centre on telephone (02) 9663 0551.

What do people prefer to read

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Women's weeklies and monthlies, and fashion titles also had mixed results. The weeklies suffered falls in circulation - apart from ACP's *Take 5* which launched in February 1998 and gained 16.8% in circulation to reach 188,940. The biggest gain in the women's monthlies went to *For Me*, up 37.5% to more than 165,000 copies but all women's fashion titles lost circulation. *Vogue Australia* and *Marie Claire* were both down 1.6%, *Elle* dropped by 3.1% and *Harper's Bazaar* by 3.2%.

Karen Winton

How to reduce your company's tax

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stated increase in consolidated revenue of \$500 million. That is, the changes are expected to result in more than \$1,500 million of interest deductions being denied.

The proposals considered by the Review for tightening the current provisions are:

- To retain a fixed debt to equity ratio; and
- To limit permitted gearing to the gearing level of the world wide group of which the Australian entity is a member. If this level is exceeded, an arm's length test would be applied (i.e. are the debt levels comparable to those of an independent operation?).

The Review considered a higher ownership threshold for foreign control

than the existing rules (though the proposed threshold was not specified).

It appears that the proposed test is evolving into a combination of the above alternatives. The thin capitalisation test is likely to be that if the ratio of debt (both related and unrelated party debt) to equity exceeds 2:1 and gearing of the Australian operations exceeds worldwide gearing, there will be a partial disallowance of interest expenses.

Kieran Lane, partner, and Brad Hopwood, manager, of KPMG in Sydney.

The comments made in this article should be taken in the context of the proposed developments mentioned in the Review of Business Taxation's original discussion paper A Platform for Consultation. At the time of writing, the Review's report was before Cabinet and the final proposals were still not known.