Mr HOCKEY (North Sydney—Financial Services and Regulation) (9.44 am)—I move:

That the bill be now read a second time.

This bill will amend the Income Tax Assessment Act 1936 and associated tax laws and impose tax specifically so as to ensure that, broadly speaking, the trustee of a closely held trust with a trustee beneficiary discloses to the Commissioner of Taxation the identity of the ultimate beneficiaries of certain net income and tax preferred amounts of the trust. This disclosure must occur within a specified period after the end of the year of income.

Where the trustee of the closely held trust fails to correctly identify the ultimate beneficiaries within the specified period, the measures specifically impose tax at the top marginal rate plus the Medicare levy in the case of net income. In the case of tax preferred amounts, such a failure produces offences under the Taxation Administration Act 1953.

Where there are no ultimate beneficiaries of net income of the closely held trust, the measures specifically impose taxation at the top marginal rate plus the Medicare levy.

The amendments form part of the government's tax reform package and apply to present entitlements created after 4 p.m. on 13 August 1998.

Full details of the measures in this bill are contained in the explanatory memorandum circulated to honourable members. I commend the bill to the House, and I present the explanatory memorandum to the A New Tax System (Ultimate Beneficiary Non-disclosure Tax) Bill (No. 1) 1999 and the A New Tax System (Ultimate Beneficiary Non-disclosure Tax) Bill (No. 2) 1999.

Debate (on motion by Mr Kelvin Thomson) adjourned.