



PRIME MINISTER

Thursday, 23 September 1982

FOR MEDIA

TAX AVOIDANCE REPORTS - REBUTTAL

In some recent newspaper and other media coverage, it has been said or implied or suggested that I was aware in 1977 of the existence of Bottom of the Harbour taxation schemes.

Statements to that effect are wholly and demonstrably false and those responsible were guilty at the least of the grossest of negligence.

To set the record straight the position is as follows :

On 15 July 1977 I wrote to the Treasurer drawing his attention to a paper which had been prepared by a person outside the Government and that set out a number of tax avoidance schemes which were said to be in current use. I said : "I believe that the documents should be examined most urgently and that if the schemes are correctly described we should be looking at appropriate legislation at the earliest date".

During 1978 and 1979 many of the schemes outlined in the list I forwarded to the Treasurer in July 1977 were legislated against.

The paper on which I sought an urgent examination set out particulars of 13 tax schemes including one which was described as "sale of companies with current profits".

None of these schemes were Bottom of the Harbour schemes.

The scheme which has been seized on by elements of the media, namely the one just referred to, was described as one in which the company broker, once acquiring the company with company profits, injects tax losses into the company to avoid existing company tax liability. Schemes of that kind were legislated against with effect from 8 April 1978 - that is, within 9 months of my 15 July 1977 letter to the Treasurer.

I find it difficult to understand how any informed person acting in good faith could have so misunderstood what was so clearly set forth in the tabled documents on this subject.

ooo000ooo