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Business Tax Working Group Secretariat
The Treasury
Langton Crescent
Parkes ACT 2600

Dear Sir/Madam,



I write to you in relation to the *Interim Report on the Tax Treatment of Losses*.

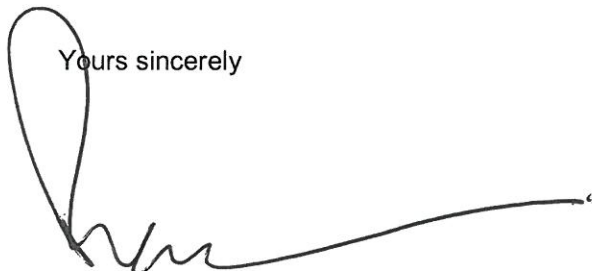
Business SA is South Australia's leading business membership organisation, representing thousands of businesses through direct membership and affiliated industry associations. We represent businesses across all industry sectors, ranging in size from micro-business to multi-national companies. Business SA advocates on behalf of business to propose legislative, regulatory and policy reforms and programs for sustainable economic growth in South Australia.

Business SA supports changes to the tax treatment of losses that will improve cash flows for businesses during times of economic downturn, structural change or unexpected shocks. It is important that the tax changes reduce disincentives to invest, innovate and take calculated risks and thereby improve productivity.

Business SA's preference therefore would be for Combination 3, as outlined in the Interim Report – replacing the tests (continuity of ownership test (COT) and same business test (SBT)) with alternative integrity rules, allowing loss carry back for up to three years and applying loss uplift at the rate of inflation – to be implemented.

Should you require any further information or have any questions, please contact Rick Cairney, Director of Policy, Business SA on (08) 8300 0060 or rickc@business-sa.com.

Yours sincerely



Brett Mahoney

Acting Chief Executive Officer