



**ASX / MEDIA RELEASE
FOR IMMEDIATE RELEASE
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MARKET UPDATE

SYDNEY: Publishing and Broadcasting Limited (**ASX:PBL**) announced today that it has deferred its application for scheme meetings to be convened for the proposed demerger of PBL's media and gaming assets.

Late on Friday, 12 October 2007, the Minister for Revenue made an announcement, a copy of which is attached, that may have taxation implications for PBL and Crown Limited in relation to the proposed demerger, in the absence of demerger relief being available. These implications need to be assessed by the PBL Board to determine whether the proposed demerger remains in the best interests of PBL shareholders.

PBL remains in discussions with the Australian Taxation Office (**ATO**) in relation to the availability of demerger relief; the ATO has previously indicated its confirmation of all other critical taxation issues that PBL raised with it in connection with the demerger.

PBL will make a further announcement to the ASX after it has concluded discussions with the ATO and the PBL Board has completed its reassessment of the proposed demerger.

ENDS

COPIES OF RELEASES

Copies of previous media and ASX announcements issued by PBL are available at PBL's website at www.pbl.com.au.

© The Hon Peter Dutton, MP

Minister For Revenue

and the Assistant Treasurer



NO.124

Friday, 12 October 2007

Improving the Integrity of the Tax Consolidation Regime

The Minister for Revenue and Assistant Treasurer, Peter Dutton, announced today that the Government will modify the tax consolidation regime to ensure that, when an entity joins a consolidated group or multiple entry consolidated group (MEC group) following a capital gains tax (CGT) rollover affecting the membership interests of the joining entity, the tax cost setting rules do not apply to uplift the tax costs of the joining entity's assets.

Under a CGT scrip for scrip rollover, the acquiring entity acquires all of the target entity's membership interests and receives a market value cost base. If the target entity then joins the acquiring entity's consolidated group, the tax cost setting rules push down the market value cost base of the membership interests in the target entity to the underlying assets of that entity, resulting in an equivalent uplift in the tax costs of that entity's assets.

If the consolidated group immediately sold those underlying assets for their market value, the group would not make a taxable gain because the price would not exceed the reset tax costs. In effect the capital gain that would have been realised on the assets, is inappropriately reduced by the amount of the uplift in the tax costs of the assets.

"The amendments will improve the integrity of the tax consolidation regime by preventing companies from obtaining an inappropriate uplift in the tax costs of their assets by joining a consolidated group or MEC group following a CGT rollover affecting the membership interests of the joining entity", Mr Dutton said.

The amendments will apply to entities that join a consolidated group or MEC group after today.

The business community will be consulted on the development of legislation to give effect to these changes.

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