

SENATE ECONOMICS REFERENCES COMMITTEE

ANSWERS TO QUESTIONS ON NOTICE

Australian Taxation Office

Development and operation of the minerals resource rent tax

3 April 2012

Topic: Cost of administration of the MRRT

Hansard Page: 49 (proof Hansard 5 April 2013)

Question: 1

Senator CORMANN: The tax office previously told us, in an answer to a question on notice, that administration of the minerals resource rent tax and the existing and extended petroleum resource rent tax was \$60.48 million over the financial years 2010-11 to 2012-13, inclusive. For two years that includes the administration of an offshore PRRT component which was transferred into the unit. In a previous answer to Barnaby Joyce in estimates, the cost of the offshore administration was said to be \$3.6 million per year, which—even assuming that there are no economies of scale, which of course there would have been by merging that into the MRRT and extended PRRT unit; let us say it is \$7.2 million—means that the ATO so far has had a cost of administration of approximately \$53 million. Could you confirm that?

Ms Martin: I would have to take the question about the previous response on notice.

Senator CORMANN: If you want to look at the previous response, it is an answer to a question by Barnaby Joyce in Senate estimates. The question was how much the cost of administration for the offshore PRRT arrangements was, and the answer was \$3.6 million. I have an answer in front of me in which you say it was \$60.48 million for the MRRT and PRRT over the three years. So, if I deduct \$7.2 million, that takes me to about \$53 million. Take it on notice and tell us one way or the other what the cost of administration of the MRRT is for the ATO. Treasury talked about limited resources and so on. Have you put a cost on how many hours you have spent on developing, administering and implementing the MRRT so far, or do you just absorb it into your big budget?

Answer:

The 2010-11 Budget provided funds to the ATO to administer the cost of implementing the MRRT and extended PRRT. While the cost of the budget measure is not updated, the ATO's operating cost for the area that manages resources taxation, including the existing Petroleum Resource Rent Tax (PRRT) as well as the initial implementation and administration of the new resource rent tax arrangements, is estimated to be \$60.48 million over the three financial years from 2010-11 to 2012-13. This is less than the amount allocated in the initial budget measure.

The implementation of the new arrangements was brought together with the administration of the existing PRRT in August 2011. As a result of this integrated administration of resource rent taxes, the ATO does not separately account for the cost of administering the existing PRRT, the extension to PRRT or MRRT.