Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

29 May – 31 May 2012

Question: BET 123

Topic: Consolidation Regime – Revenue Impact of Legislation

Hansard Page: Wednesday 30 May 2012, page 111

Senator CORMANN asked:

Senator CORMANN: In last year's MYEFO, the government announced changes to the consolidation regime and said that those changes had no revenue impact. I will quote:

This measure has no revenue impact, but will protect a significant amount of revenue that otherwise would be at risk over the forward estimates period.

How much revenue do those changes protect? How much revenue would be otherwise at risk?

Mr Heferen: This was in MYEFO?

Senator CORMANN: Yes. But it is legislation that is, of course, now in the system.

Mr Heferen: I do not have the figures at hand, given it was an announcement last year.

Senator CORMANN: The figures as the legislation came through. In relation to a number of these bills, we have asked that question of the Assistant Treasurer's office, who has not been able to assist us. In all sincerity, a lot of this legislation comes through. It says 'nil fiscal impact' on the basis that you just think that you are protecting the status quo. To be honest, in order to assess the merits or otherwise of a piece of legislation, you actually have to know not only what the impact is if the legislation passes but also what the impact is if the legislation does not pass. So if you could assist us with the revenue impact if the legislation does not pass, that would be very much appreciated.

Mr Heferen: I will take that on notice. The board of tax, when they looked at it, did have some information about the number of refund claims that were with the tax office. What I am hearing from you, Senator, is to assist in the parliamentary debate, it would be important for you to have the revenue at stake.

Senator CORMANN: That is right.

Mr Heferen: I will take that on notice.

Senator CORMANN: It would be good if you could do that in a speedy fashion. It would be appreciated.

Mr Heferen: I understand that.

Answer:

The changes to the consolidation tax cost setting rules announced by the Government in MYEFO 2011-12 and included in Schedule 3 to the Tax Laws Amendment (2012 Measures No. 2) Bill 2012 have a nil revenue impact but are expected to protect over $6 billion of revenue that would otherwise be at risk over the forward estimates period.