

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 2013

14 February 2013

Question: AET 64

Topic: 1999 Ralph Review

Hansard Page: 103

Senator CAMERON asked:

Senator CAMERON: ...I move on. You are aware of the 1999 Ralph review?

Mr Jordan: Yes.

Senator CAMERON: It recommended that trusts be taxed as companies. That is correct?

Mr Jordan: Yes.

Senator CAMERON: The then Treasurer, Peter Costello, accepted that proposal?

Mr Jordan: Yes.

Senator CAMERON: And then there was quite a political attack on any move to adopt this approach. That is correct?

Mr Jordan: There was a widespread concern from various areas of the community, particularly the farming sector and small business area. The government of the time referred the matter of the taxation of trusts as companies to the Board of Taxation to do a review on it. I was on the board of tax at that time, so I am aware of the problems associated with that proposal to tax trusts as companies.

Senator CAMERON: But it is not all problems, is it? The Ralph review at the time estimated taxing trusts as companies would raise about \$900 million in revenue. That is correct?

Mr Jordan: I do not recall that estimate.

Senator CAMERON: Maybe you can check that and come back to me on that. According to Dr Passant, that would be about \$2 billion in current terms. So that is \$2 billion from taxing trusts as companies that you could add to the tax base of the country. Could you check those figures for me? These are important issues for the tax office.

Answer:

The Ralph review estimated taxing trusts as companies would raise \$730 Million.