

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

17 October – 18 October 2012

Question: SBT 89

Topic: Housing Recommendation - Henry Tax Review

Written: Received from Committee – 26 October 2012

Senator MILNE asked:

89. In response to a question taken on notice at budget estimates (BET 119), Treasury referred to quantitative analysis undertaken of stamp duties, land tax, capital gains on investor housing and assessment of rental income. Could you provide us with copies of this analysis?

Answer:

Treasury's response to BET 119 noted that:

"Treasury has not modelled the housing recommendations of the Henry Tax Review after they were settled. However, in the lead up to the report Treasury did do quantitative analysis in areas of interest to the review such as:

- *Stamp duties;*
- *Land tax;*
- *Capital gains on investor housing; and*
- *The assessment of rental income."*

Treasury quantitative analysis and modelling in the lead up to the Australia's Future Tax System report (Henry Tax Review) is incorporated into the following chapters of Part Two (Detailed analysis) of the final report:

- Stamp duties and land tax are incorporated into chapter C2.
- Investor housing capital gains and assessment of rental income are incorporated into chapter A1-3 of the final report.

http://taxreview.treasury.gov.au/content/FinalReport.aspx?doc=html/publications/Papers/Final_Report_Part_2/chapter_c2.htm

http://taxreview.treasury.gov.au/content/FinalReport.aspx?doc=html/Publications/Papers/Final_Report_Part_2/chapter_a1-3.htm

As part of analysis informing the Australia's Future Tax System report, KPMG Econtech provided a *CGE Analysis of the Current Australian Tax System* report on 26 March 2010, which included modelling of the marginal excess loss (also described as the marginal excess burden) of major Australian taxes.

The findings of this analysis are provided at Chart 1.5 of *Australia's Future Tax System Final Report: Overview* and at Chart A of the underlying KPMG Econtech report.

http://www.taxreview.treasury.gov.au/content/downloads/final_report_part_1/00_AFTS_final_report_consolidated.pdf

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http://taxreview.treasury.gov.au/content/html/commissioned_work/downloads/KPMG_Econtech_Efficiency%20of%20Taxes_Final_Report.pdf

In addition, further modelling detail on both investor housing capital gains and assessment of rental income was released by the Treasurer as part of the “Australia's Future Tax System Review - Release of Supporting Information” on 28 October 2010.

http://www.treasury.gov.au/PublicationsAndMedia/Publications/2010/Australia_s_Future_Tax_System