

Senate Select Committee on COVID-19
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Inquiry into the Australian Government's response to the COVID-19 pandemic

2020 - 2021

Division: Tax Analysis Division
Topic: Tax cuts across stage 2 and 3 in forward estimates
Reference: Committee Hansard page 14 –18 September 2020, IQ20-000258

Question:

Senator WATT: I want to go back to the question of the legislated tax cuts. Can you remind me what the estimated cost of stage 2 and stage 3 is?

Ms J Wilkinson: I'll just hand over to my colleague, Senator.

Ms Di Marco: I'm just making sure I've got the right table in front of me. So for the tax plan currently legislated, as outlined in budget 2019-20, from 2018-19 to 2020-21 the increase in the low- and middle-income tax offset was going to cost \$14.75 billion, from 2019-20 to 2022-23, and from 2022-23 the increase in the low-income tax offset threshold from \$41,000 to \$45,000 was scheduled to cost \$4.8 billion from 2019-20 to 2022-23.

Senator WATT: So stage 2, in total, across the forward estimates is what?

Ms Di Marco: Sorry, Senator, I don't have the breakdown quite in that way. I'll have to take that on notice. I don't know if Mr Thompson has the breakdown in that form?

Mr Thompson: I will keep looking. I don't know—

Mr Yeaman: We'll have a look, Senator. If it's possible, we'll do it in the background here. We'll see if we can pull the number together.

Senator WATT: But it's fair to say that stage 2 and stage 3 are both, separately, worth tens of billions of dollars? That's the cost?

Ms Di Marco: That's correct. I understand that, at Senate estimates after the last budget, Treasury advised on notice to Senator Ketter that over the medium term, from 2019-20 to 2029-30, the total cost of the package was \$158 billion.

Senator WATT: So for stages 2 and 3 combined we're looking at about \$158 billion?

Ms Di Marco: That's correct.

Senator WATT: Given where we are now, with the economy the way it is, how would those tax cuts be funded? They'll have to be funded through borrowings, won't they?

Ms Di Marco: At the budget an update will be provided on the state of the fiscal circumstances, including the medium-term outlook.

Answer:

Please refer to the response tabled by the then Treasury Secretary at Senate Estimates on 29 May 2018. The legislated measure has not been re-costed.

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2020 - 2021

Division: Market Conduct Division
Topic: Regulatory relief for financially distressed businesses
Reference: Committee Hansard page 16 –18 September 2020, IQ20-000259

Question:

Senator STOKER: The government has extended regulatory relief for financially distressed businesses, including temporary relief for directors from personal liability for trading while insolvent. What is the anticipated economic impact of this measure for employees and employers?

Ms J Wilkinson: Unfortunately, we don't have anyone here from Markets Group, who are responsible for that particular initiative. Can we take your question on notice and get back to you with an answer?

Answer:

The temporary relief will assist otherwise profitable and viable businesses resume normal business operations once the crisis has passed, benefiting employees and employers.