

KPMG

Supplementary Submission

to the

Senate Economics Legislation Committee

Tax Rates Amendment  
(Working Holiday Maker Reform) Bill  
2016 and related Bills

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## Supplementary Submission

- 1.1 We refer to our submission to the Senate Economics Legislation Committee in relation to *Tax Rates Amendment (Working Holiday Maker Reform) Bill 2016* and related Bills made on 20 October 2016 which deals primarily with what is referred to in the vernacular as the “Backpacker Tax”.
- 1.2 Our submission supports the compromise position that the Government has made in relation to this element of the Bill. As the person responsible for drafting the submission, I was not aware at the time of lodging the submission of the important work that our Chief Economist at KPMG was undertaking in relation to an element of the package dealing with the Passenger Movement Charge.
- 1.3 The purpose of this Supplementary Submission is to ensure that the Senate Economics Legislation Committee is aware of this additional work. In particular, based on modelling undertaken by our economists, KPMG has concluded that the proposed increase in the Passenger Movement Charge is not required to meet revenue expectations.
- 1.4 Our conclusion is that the inclusion of the increase in the PMC in the revised Working Holiday Maker (WHM) policy appears to be incongruous with the remainder of the package. Under reasonable assumptions about the number of WHMs and average income per WHM, more than sufficient tax revenue is generated to meet the requirements of the 2015-16 Budget, and therefore it is not necessary to increase the Passenger Movement Charge to generate tax revenue from the package that is greater than that reported in the 2015-16 Budget from a revenue adequacy perspective.
- 1.5 We thank you for the opportunity to make this point of clarification.

Grant Wardell-Johnson  
Leader of the Australian Tax Centre, KPMG