



New Inquiry

Inquiry into the *Income Tax Rates Amendment (Temporary Flood Reconstruction Levy) Bill 2011; and the Tax Laws Amendment (Temporary Flood Reconstruction Levy) Bill 2011*

The House of Representatives Economics Committee will inquire into and report on the *Income Tax Rates Amendment (Temporary Flood Reconstruction Levy) Bill 2011; and the Tax Laws Amendment (Temporary Flood Reconstruction Levy) Bill 2011*.

The explanatory memorandum states that the bills will 'introduce a one-year progressive flood reconstruction levy in the form of additional income tax on Australian resident and foreign resident individuals in the 2011-12 financial year. These changes will ensure that those with a greater capacity to pay make a larger contribution to the rebuilding of disaster affected regions of Australia through revenue raised by the levy.' The proposed levy will raise \$1.8 billion.

The amount of levy payable is at the rate of 0.5 per cent where the taxpayer has a taxable income of between \$50,001 and \$100,000, and 1.0 per cent where the taxpayer has a taxable income in excess of \$100,000. No levy is payable where the taxpayer has a taxable income of \$50,000 or less or where they fall into an exemption category

The Chair of the committee, Craig Thomson, MP, said that the flood levy responds to some of the worst and most destructive floods in our nation's history. Vital infrastructure has been destroyed and needs rebuilding. This legislation through applying the levy will help this objective.

The committee will examine the adequacy of the bills in achieving the policy objective and where possible identify any unintended consequences.

The committee will conduct a public hearing on Wednesday, 16 February 2011 in Canberra. More information about this hearing will be circulated before the hearing.

Mr Thomson said that the committee will report as quickly as possible so that this measure can receive scrutiny and consideration in the House of Representatives.

Interested persons and organisations are invited to make submissions to the inquiry by Tuesday, 15 February.

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