

## Tax Bonus for Working Australians Repeal Bill 2013

*Portfolio: Treasury*

*Introduced: House of Representatives, 12 December 2013*

### Summary of committee concerns

1.295 The committee seeks further information on the number of outstanding payments and on the compatibility of the bill with the right to social security and the right to an adequate standard of living.

### Overview

1.296 This bill seeks to repeal the *Tax Bonus for Working Australians Act (No. 2) 2009* (the Tax Bonus Act). The Tax Bonus Act authorises the Commissioner of Taxation to pay a tax bonus to eligible tax payers. Eligible tax payers are those who paid tax in the 2007-08 income year and who had a taxable income of \$100,000 or less. Those earning up to and including \$80,000 are eligible for a payment of \$950, those earning between \$80,000 and \$90,000 are eligible for a payment of \$650 and those earning between \$90,000 and \$100,000 are eligible for a payment of \$300.

1.297 According to the explanatory memorandum accompanying the bill, the purpose of the payments was 'to provide stimulus to the Australian economy at the height of the Global Financial Crisis'.<sup>1</sup> While most payments were made in 2009,

a small number of payments continue to be made through either late banking of cheques (stale cheques that are re-issued by the Australian Taxation Office (ATO)) or the issue of an amended assessment for the 2007-08 income year where the taxpayer has an outstanding entitlement to the tax bonus.<sup>2</sup>

1.298 The bill seeks to ensure that no further tax bonus payments may be made by the Commissioner of Taxation.<sup>3</sup> In doing so, the bill displaces section 7(2) of the *Acts Interpretation Act 1901*, which provides a standard protection applying to any repeal of a law by Parliament, ensuring that the repeal does not affect any right, privilege, obligation or liability acquired, accrued or incurred under the law prior to its repeal.<sup>4</sup>

### Compatibility with human rights

#### *Statement of compatibility*

1.299 The bill is accompanied by a statement of compatibility that states that the bill does not engage any human rights.

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1 Explanatory memorandum, p 5.

2 Explanatory memorandum, p 5.

3 Item 1 of Schedule 1 repeals the *Tax Bonus for Working Australians Act (No. 2) 2009*.

4 Item 9 of Schedule 1.

### **Committee view on compatibility**

#### *Right to social security and an adequate standard of living*

1.300 The committee notes that the bill may give rise to human rights concerns with regard to the right to social security<sup>5</sup> and the right to an adequate standard of living.<sup>6</sup> The stated purpose of the original bonus payment was to 'provide financial support to around 8.7 million tax payers'.<sup>7</sup> For many individuals, particularly those lower income earners eligible for the full \$950 payment, the payment represents a significant addition to supplement their daily living needs. The removal of the entitlement to the tax bonus may be viewed as either retrogressive or a limitation on the rights to an adequate standard of living and the right to social security. It is therefore necessary for the government to demonstrate that the measure pursues a legitimate objective and has a reasonable relationship of proportionality between the means employed and the objective sought to be realised.

1.301 The explanatory memorandum states '[g]iven that stimulus to the economy is no longer required, the Government considers that further payments are not warranted, and represent an opportunity to remove government waste'. The committee recognises that the need for the government to manage and prioritise its fiscal needs is a legitimate objective. The committee also notes the specific context in which the payments were intended to be made.

1.302 However, the committee seeks further information as to how the measure is reasonable and proportionate to this objective. In particular, whether the measure will have a particular impact on vulnerable and marginalised groups on low incomes. The explanatory memorandum states that the measure 'is expected to save \$0.25 million on an underlying cash balance basis over the forward estimates'.<sup>8</sup> This would appear to constitute a relatively small number of payments (approximately 270 payments on the basis of payments of \$950, not taking into account where payments may be \$650 or \$330 for higher income earners). The committee would be grateful for information on those persons who are likely to remain eligible for the payment and what income brackets they fall in.

**1.303 The committee intends to write to the Treasurer to seek information on the income brackets within which those who remain eligible for the payment fall, including what proportion of persons would likely be low income earners.**

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5 Article 9 of the International Covenant on Economic, Social and Cultural Rights (ICESCR).

6 Article 11 of the ICESCR.

7 Tax Bonus for Working Australians Bill 2009, Explanatory memorandum, p 5.

8 Explanatory memorandum, p 3.