

Temporary Budget Repair Levy Package

Portfolio: Treasury

Introduced: House of Representatives, 13 May 2014

1.261 The temporary budget repair levy package consists of the following bills:

- Family Trust Distribution Tax (Primary Liability) Amendment (Temporary Budget Repair Levy) Bill 2014;
- Fringe Benefits Tax Amendment (Temporary Budget Repair Levy) Bill 2014;
- Income Tax (Bearer Debentures) Amendment (Temporary Budget Repair Levy) Bill 2014;
- Income Tax (First Home Saver Accounts Misuse Tax) Amendment (Temporary Budget Repair Levy) Bill 2014;
- Income Tax (TFN Withholding Tax (ESS)) Amendment (Temporary Budget Repair Levy) Bill 2014;
- Income Tax Rates Amendment (Temporary Budget Repair Levy) Bill 2014;
- Superannuation (Departing Australia Superannuation Payments Tax) Amendment (Temporary Budget Repair Levy) Bill 2014;
- Superannuation (Excess Non-concessional Contributions Tax) Amendment (Temporary Budget Repair Levy) Bill 2014;
- Superannuation (Excess Untaxed Roll-over Amounts Tax) Amendment (Temporary Budget Report Levy) Bill 2014;
- Tax Laws Amendment (Interest on Non-Resident Trust Distributions)(Temporary Budget Repair Levy) Bill 2014;
- Tax Laws Amendment (Temporary Budget Repair Levy) Bill 2014;
- Tax Laws Amendment (Untainting Tax)(Temporary Budget Repair Levy) Bill 2014;
- Taxation (Trustee Beneficiary Non-disclosure Tax) (No. 1) Amendment (Temporary Budget Repair Levy) Bill 2014;
- Taxation (Trustee Beneficiary Non-disclosure Tax) (No. 2) Amendment (Temporary Budget Repair Levy) Bill 2014; and;
- Trust Recoupment Tax Amendment (Temporary Budget Repair Levy) Bill 2014.

1.262 The bills seek to amend the *Income Tax Assessment Act 1997*, the *Income Tax Rates Act 1986*, the *Income Tax (Transitional Provisions) Act 1997* and other taxation imposition and ratings Act to introduce a three-year progressive levy of additional

income tax on Australian residents and foreign resident individuals commencing in the 2014-15 financial year.

1.263 The package of bills is accompanied by a single statement of compatibility which notes that ‘the temporary budget repair levy’s design retains progressivity in the tax system’ as only taxpayers with annual taxable income in excess of \$180,000 will directly incur the levy. In 2014-15 this will amount to around 400,000 taxpayers (less than 4 per cent of taxpayers). The statement of compatibility states that ‘[t]he levy’s design is reasonable, necessary and proportionate to the task of repairing the nation’s finances, being payable by those with a greater ability to pay. The two per cent rate is modest relative to the higher incomes of those taxpayers who will be required to pay the levy.’

1.264 The statement of compatibility concludes:

1.111 The bills are compatible with human rights as they do not raise any human rights issues.

1.112 If the Bills did engage the right to an adequate standard of living, the Bills are nonetheless compatible with human rights because to the extent that it could be argued they may limit human rights, those limitations are reasonable, necessary and proportionate.¹

1.265 The committee considers that the bills do not appear to give rise to human rights concerns.

1 Explanatory memorandum (EM), p. 26.