

Clean Energy (Income Tax Rates and Other Amendments) Bill 2013

Portfolio: Treasury

Introduced: House of Representatives, 13 November 2013

Purpose

2.14 The Clean Energy (Income Tax Rates and Other Amendments) Bill 2013 (the bill) seeks to amend the *Clean Energy (Income Tax Rates Amendments) Act 2011* to repeal the personal income tax cuts that were legislated to commence on 1 July 2015. It would also amend the *Clean Energy (Tax Laws Amendments) Act 2011* to repeal associated amendments to the low-income tax offset that were to commence on 1 July 2015.

Background

2.15 The committee reported on the bill in its *First Report of the 44th Parliament*.

2.16 The Senate negatived the third reading of the bill 20 March 2014 and the bill is therefore not proceeding.

Committee view on compatibility

Right to an adequate standard of living

Statement of compatibility

2.17 The committee noted that neither the explanatory memorandum (EM) nor the statement of compatibility included an assessment of the impact of the changes, particularly on low-income earners. The statement of compatibility for the bill stated that the bill does not engage any of the applicable human rights or freedoms.

2.18 The committee noted that it was unable to assess whether the proposed changes were compatible with human rights in the absence of information about the impact of the changes, particularly on those earning lower incomes.

2.19 The committee sought further information about the impact of the changes and whether they limit the enjoyment of the right to an adequate standard of living.

Parliamentary Secretary's response

For the Clean Energy (Income Tax) Repeal Bill, the Committee has sought clarification about the impact of proposed changes the Bill would make to the income tax rates and thresholds, as well as the low income tax offset.

The Clean Energy (Income Tax) Repeal Bill does not seek to make any changes to the current operation of income tax rates, thresholds and offsets. Instead, it forestalls a number of planned changes that would otherwise come into effect from 1 July 2015. As a result, no taxpayer will end up with any greater tax liabilities as a result of these amendments than they would be subject to on an equivalent income in the current year.

Given the only consequence of the Clean Energy (Income Tax) Repeal Bill will be to preserve the currently applicable tax arrangements, the Government is comfortable the proposed changes are compatible with human rights.

I also note none of the changes would have any impact on an individual's entitlement to government support, such as unemployment benefits or the age pension, should they meet the relevant income and other tests.¹

Committee response

2.20 The committee thanks the Parliamentary Secretary to the Treasurer for his response. Noting that the bill is not proceeding, the committee has concluded its examination of this bill.

2.21 However, the committee notes that the Parliamentary Secretary's response did not provide a detailed and evidence-based explanation for the measures in accordance with the committee's usual expectations. The response simply states that 'the government is comfortable the proposed changes are compatible with human rights'. The committee notes that, to demonstrate that a limitation is permissible, legislation proponents must provide reasoned and evidence-based explanations of why proposed measures are necessary in pursuit of a legitimate objective, and are reasonable and proportionate means to achieve that objective.

1 See Appendix 2, Letter from The Hon Steven Ciobo MP, Parliamentary Secretary to the Treasurer, to Senator Dean Smith, 21 May 2014, p. 1.