
Clean Energy (Income Tax Rates and Other Amendments) Bill 2013 [No. 2]

Portfolio: Treasury

Introduced: House of Representatives, 23 June 2014

Purpose

1.63 Clean Energy (Income Tax Rates and Other Amendments) Bill 2013 [No. 2] seeks to amend the *Clean Energy (Income Tax Rates Amendments) Act 2011* to repeal the personal income tax cuts legislated to commence on 1 July 2015.

1.64 The bill also seeks to amend the *Clean Energy (Tax Laws Amendments) Act 2011* to repeal associated amendments to the low-income tax offset legislated to commence on 1 July 2015.

Background

1.65 This bill is a re-introduction of the Clean Energy (Income Tax Rates and Other Amendments) Bill 2013 which the committee considered in its *First Report of the 44th Parliament*.¹

1.66 The committee considered the Parliamentary Secretary to the Treasurer's response in its *Eighth Report of the 44th Parliament* and noted that the response had not provided a detailed and evidence-based explanation for the measures in accordance with the committee's usual expectations.²

1.67 The committee notes that the second reading of this bill was negated by the Senate on 9 July 2014.

Committee view on compatibility

Right to an adequate standard of living

1.68 The right to an adequate standard of living requires that the state take steps to ensure the availability, adequacy and accessibility of food, clothing, water and housing for all people in Australia.

1.69 Australia has two types of obligations in relation to this right. It has immediate obligations to satisfy certain minimum aspects of the right; not to unjustifiably take any backwards steps that might affect living standards; and to ensure the right is made available in a non-discriminatory way. It also has an obligation to take reasonable measures within its available resources to progressively secure broader enjoyment of the right to an adequate standard of living.

1 See Parliamentary Joint Committee on Human Rights, *First Report of the 44th Parliament*, 10 December 2013, pp 12-13.

2 Parliamentary Joint Committee on Human Rights, *Eight Report of the 44th Parliament*, 24 June 2014, pp 34-35.

Effect of repealing measures

1.70 The bill also seeks to repeal amendments to section 159N of the *Income Tax Assessment Act 1936* that were to apply from 2015-16. Those amendments were to decrease the maximum amount of the low-income tax offset (LITO) to \$300, increase the threshold in subsection 159N(1) to \$67,000, and decrease the withdrawal rate of the LITO in subsection 159N(2) to one per cent. The amendments proposed by this bill mean that instead of these changes applying from the 2015-16 income year, the maximum amount of the LITO remains at \$445, the threshold in section 159N(1) remains at \$66,667, and the withdrawal rate of the LITO in subsection 159N(2) remains at 1.5 per cent.

1.71 As noted in its *First Report of the 44th Parliament*, neither the statement of compatibility nor the explanatory memorandum provides any summary information about or assessment of the impact of these changes, particularly on persons on lower incomes. Without such information it is not possible to assess whether the changes will have a significant impact on the right to an adequate standard of living.

1.72 The committee's usual expectation where a right may be limited is that the statement of compatibility provide an assessment of whether the limitation is reasonable, necessary, and proportionate to achieving a legitimate objective. The committee notes that to demonstrate that a limitation is permissible, legislation proponents must provide reasoned and evidence-based explanations of why the measures are necessary in pursuit of a legitimate objective.

1.73 The committee therefore seeks the Parliamentary Secretary to the Treasurer's advice as to whether the bill is compatible with the right to an adequate standard of living.