

Question on notice no. 290

Portfolio question number: 290

2017-18 Supplementary budget estimates

Economics Committee, Treasury Portfolio

Senator Chris Ketter: asked the Department of the Treasury on 25 October 2017—

(1. The bill defines a passive investment company as one that receives 80% or greater of income from passive sources. This definition is for the 2017-18 tax year onwards. Does Treasury have an estimate of how many entities have, in effect, been given a tax amnesty for the 2015-16 and 2016-17 tax years?

Answer —

See attachment.

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

2017 - 2018

Division/Agency: Corporate and International Tax Division

Question No: 290

Topic: Treasury Laws Amendment (Enterprise Tax Plan Base Rate Entities) Bill 2017

Reference: Written

Senator: Chris Ketter

Question:

1. The bill defines a passive investment company as one that receives 80% or greater of income from passive sources. This definition is for the 2017-18 tax year onwards. Does Treasury have an estimate of how many entities have, in effect, been given a tax amnesty for the 2015-16 and 2016-17 tax years?

Answer:

Treasury does not have an estimate of how many entities would not have qualified for the lower company tax rate in 2015-16 and 2016-17 had the passive income test applied in those years instead of the 'carrying on a business' test.