Question on notice no. 297

Portfolio question number: 297

2017-18 Supplementary budget estimates

Economics Committee, Treasury Portfolio

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

(1. Does Treasury have modelling of the cost of the Enterprise Tax Plan with passive investment companies made eligible? That is, the current 10 year cost is estimated at about $65 billion what proportion of that $65 billion is from passive investment companies once they are made eligible for the lower rate in 2023-24 onwards as part of the full Enterprise Tax Plan?

Answer —

See attachment.
Division/Agency: Corporate and International Tax Division
Question No: 297
Topic: Treasury Laws Amendment (Enterprise Tax Plan Base Rate Entities) Bill 2017
Reference: Written
Senator: Chris Ketter

Question:

1. Does Treasury have modelling of the cost of the Enterprise Tax Plan with passive investment companies made eligible? That is, the current 10 year cost is estimated at about $65 billion – what proportion of that $65 billion is from passive investment companies once they are made eligible for the lower rate in 2023-24 onwards as part of the full Enterprise Tax Plan?

Answer:

The Government’s policy, as announced in the 2016-17 Budget and reflected in the Treasury Laws Amendment (Enterprise Tax Plan No. 2) Bill 2017, is to unify the company tax rate for all companies at 27.5 per cent in 2023-24 before progressively lowering the rate to 25 per cent by 2026-27. As a general rule, we do not comment on modelling that may or may not have been requested by the Government as this has the potential to reveal the deliberations of Cabinet.