

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

**Budget Estimates**

29 May – 31 May 2012

**Question: BET 456-457**

**Topic: Minerals Resource Rent Tax**

**Hansard Page: Written**

**Senator BUSHBY asked:**

The Budget Papers show estimated net receipts from MRRT will be \$3b in 2012-13, which is down 19 per cent on the estimate in MYEFO just six months ago. The Budget Papers (BP 1 at 5-21) state that resource rent taxes *"can be highly variable as they are heavily influenced by movements in the exchange rate and relevant commodity prices. The introduction of the MRRT in 2012-13 gives a one-off boost to the revenue base and growth rate in that year."*

456. Does Treasury recognise revenue from the minerals resource rent tax under the economic transactions method (ETM) rather than the alternative taxation liability method?
457. If yes, why is the ETM justified given the fall in estimated revenue referred to above; the statement about the highly variable nature of resource rent taxes; company income taxation and superannuation taxation use the TLM; and given the budget papers (BP 1 at 5-46,7) state that it is permitted under Australian Accounting Standards to use - *"an alternative approach [when] there is an inability to reliably measure taxation receipts using ETM ... "ETM estimates and outcomes are inherently more volatile ... mainly because they incorporate the estimation of significant levels of liabilities likely to be identified in future periods?"*

**Answer:**

456. Revenue estimates for the minerals resource rent tax (MRRT) will be recognised using the taxation liability method (TLM). This approach is consistent with the budget reporting standard for income and other profits based taxes.
457. See answer to BET 456.