

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

4 – 6 June 2013

Question: BET 65

Topic: Payments Made to Contractors

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Senator CORMANN asked:

Senator CORMANN: In the 2011-12 budget there was a measure that required certain businesses to report annually on payments made to contractors in the building and construction industry with effect from 1 July 2012. Can you explain to us how the expected revenue in the budget of \$217 million in 2013-14 will come about?

Senator Wong: This is the 2012-13 budget. Put it on the record and we will take it on notice.

Answer:

In the 2011-12 Budget there was a tax compliance measure – reporting taxable payments, which requires certain businesses to report annually on payments made to contractors in the building and construction industry, with effect from 1 July 2012. The report regime requires businesses to report information that they should already collect under existing tax arrangements.

This measure, which improves voluntary compliance, also includes an increase in funding for the ATO of \$46.4 million over 2011-12 to 2014-15 which allows the ATO to undertake data matching, review of contractors' tax liabilities and targeted audits.

This measure is expected to result in an additional \$513.0 million in revenue, with \$7.9 million expected to be in 2012-13, \$217.0 million in 2013-14 and \$288.1 million in 2014-15.