

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

20-21 November 2013

Question: SBT 1018-1023

Topic: Paid Parental leave – franking credits and deductibility

Written: 28 November 2013

Senator WONG asked:

- 1018. Has Treasury quantified this impact?
- 1019. What is the extent of the loss for investors?
- 1020. Has there been a distribution analysis done on the likely impact? Please table.
- 1021. Has any advice been provided about how the new franking arrangements will work? How will companies report this?
- 1022. Is the PPL levy deductible like other business levies?
- 1023. How is a small business / farming business that has cyclical arrangements going to calculate the basis for this?

Answer:

- 1018. Treasury estimation of fiscal impact of the policy is available in the MYEFO.
- 1019. There are around 3000 large companies that will pay the PPL levy, out of a potential 800,000 companies that will benefit from the company tax rate reduction (including small-medium size businesses).
- 1020. Distribution analysis is not available.
- 1021. Treasury is consulting stakeholders about the implementation and administration of the PPL levy.
- 1022. The PPL levy is not deductible. The treatment of the PPL levy for income tax purpose will follow the normal rules for levies and other similar federal impositions.
- 1023. The PPL levy is applied to a taxpayer's taxable income. It will be applied in the same way that other taxes and levies are applied to income that varies from year to year.