

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

20-21 November 2013

Question: SBE 71-72

Topic: GST on movable homes (ATO)

Hansard Page: 112-113

Senator DASTYARI asked:

Senator DASTYARI: Thank you. A matter we were discussing earlier, which the minister is aware of, is the matter of GST on moveable homes. Commissioner, I think you can appreciate that this is something that affects quite a few people on lower incomes. It is certainly an issue that I know a lot of members of parliament have been receiving correspondence on—understandably, as the nature of the people that this decision are impacting tend to be those who are, in many cases, facing some very serious cost-of-living pressures. I was wondering whether you could outline why the decision was made to raise the GST on moveable-home owners.

Mr Jordan: I will ask our second commission Neil Olesen to address that for you.

Mr Olesen: There are a couple of things to say about the ruling in context. It is of course a draft ruling; we are going through a consultation process at the moment and comments are due by 20 December. A second contextual thing is to say that we have been very clear that there will be no retrospective change to the rules. So, should we continue with the views expressed in the draft ruling, that would only apply on a wholly prospective basis. GST is now 13 or 14 years old, and there has been a lot of case law over that period. One of the roles we have, of course, is to try and keep our guidance around how GST operates contemporary and consistent with the various cases that have been through the courts. So we embarked on an exercise to review the guidance we put out in 2000 around various residential properties—commercial residential properties and those kinds of things—some years ago. It was through that process that some questions were put to us by the external professional bodies, and by the members of our own rulings panel—we maintain a rulings panel to give us advice on the kinds of opinions we put out in our rulings, which includes people from the private sector as well as our own people. What we got through those processes were some questions about whether the treatment we had originally granted for moveable-home parks back in 2000 could in fact be defended under the terms of the law.

So we consulted on that over a lengthy period, putting out a series of rulings around this general territory but flagging that we were going review this area. And we eventually put out that recent draft ruling that expressed the view that we did not think we could sustain the proposition that those mobile home parks were in fact similar to caravan parks, which was the requirement for them to get the concessional treatment under the GST.

Senator DASTYARI: I assume that, as part of that, some calculations were done on how much revenue would be raised by an increase to the GST in this area.

Mr Olesen: I have not seen exact estimates. I have seen estimates that the amount of revenue is not terribly significant—something less than \$10 million—but I have not seen an exact figure or estimate.

Senator DASTYARI: Is that something you are able to take on notice? I don't know how complicated it would be to do a little bit of modelling to that effect. I guess the question I would want to put on notice is: how much revenue does the ATO expect to raise from this increase in the GST? Secondly, the related question—which, again, I appreciate you would have to take on notice—is whether you have a calculation of how many moveable-home owners are going to be affected by this change and whether that can be broken down on a state-by-state basis. I appreciate it is not a figure you are likely to have on you at the moment, but if that is something you are able to take on notice.

Mr Olesen: Happy to.

Answer:

71-72. Refer to SBE 1058-1062.