

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates 29, 30 & 31 May 2007

Question: bet 31

Topic: No. of Business Leaving GST Registration

Hansard Page: E78

Senator SHERRY asked:

As to the expectation of businesses leaving GST registration as a consequence, did the ATO examine what that number of businesses would be?

Mr D'Ascenzo—No.

Senator SHERRY—What about your area, Mr Callaghan—did you do any work in this area?

Mr Callaghan—Yes. The measure was a budget measure and it was costed.

Senator SHERRY—Was any analysis carried out of the impact of the lifting of the threshold from \$50,000 to \$75,000?

Mr Callaghan—Certainly there was an analysis carried out. The impact is that it will have an impact on GST receipts.

Senator SHERRY—I understand that.

Mr Callaghan—That was provided in the budget papers.

Senator SHERRY—But what about other analysis aside from the GST receipts; the number of businesses, for example?

Mr Callaghan—In order to gain that, there have to be estimates of the amount that was affected. More broadly, the other analysis, as you say, was the feedback that came out in the Banks report on regulation. As the commissioner has said, there have been requests in terms of the more general impact it may have on the business sector. This is something that has been under discussion for some time. In terms of quantifying the impact of it, yes, an analysis was taken and the measure costed.

Senator SHERRY—Given the costing occurred, what was the estimate of the number of businesses that were projected would leave?

Mr Callaghan—I do not have that information. I do not know if Mr Brown has. No.

Senator SHERRY—Mr Gallagher does not?

Mr Callaghan—This is Mr Brown's side of things.

Mr Brown—It is one of my costings. But, no, I do not have that number on me.

Senator SHERRY—Presumably that work would have been done?

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Mr Brown—The estimates were based around the take-up rate assumption.

Senator SHERRY—Could you take that on notice?

Mr Brown—Yes.

Answer:

The take-up rate assumption has not been made public.