

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

1 June – 3 June 2010

Question: BET 277

Topic: Productivity Commission's view on Tax Review

Hansard Page: Written

Senator Eggleston asked:

- a) Given the results of the Henry Tax Review, what recommendations does the Productivity Commission believe that the Government should have accepted in full? (gaming tax concessions for clubs).
- b) Does the Productivity Commission still hold that tax reform is a key influence in boosting productivity?

Answer:

- a) The Commission is not in a position to comment on what recommendations from the Henry Tax Review the Government should have accepted in full.

In its gambling report, the Commission considered the issue of concessions given to clubs in the form of lower taxes on gaming revenue. Since the gambling revenue of clubs is the net losses of players, these taxes are in effect consumption taxes, not income taxes. While the Commission did not make any formal recommendation in respect of gaming tax concessions for clubs, it noted that there were strong grounds to significantly reduce the concessions, given their inequity and inefficiency (p. 6.30). It should be noted that such concessions are a policy matter for state and territory governments. The 2010 Gambling Inquiry report did not address the broader issue of mutuality and its implications for taxation (an Australian Government policy area) — which was the area of concern raised by the Henry Tax Review.

- b) The Productivity Commission considers the efficiency and incentive effects of the tax system to be influences on productivity.