

Chapter 1

Background and description of the bill

Conduct of the inquiry

1.1 The Tax Laws Amendment (2009 Budget Measures No. 1) Bill 2009 was introduced into the House of Representatives on 27 May 2009. This committee considers it pursuant to an order of the Senate 14 May 2009 which referred certain budget-related bills to committees (subject to any contrary recommendation by the Senate Selection of Bills Committee).

1.2 The Committee advertised the inquiry in *The Australian* and on its website, and wrote to a number of peak organisations inviting submissions. The Committee received 115 submissions (see Appendix 1). The Committee held a hearing on 10 June (see Appendix 2). The Committee thanks submitters and witnesses for their contribution.

The bill

1.3 The bill comprises three unrelated schedules, discussed in the following three chapters.

1.4 Schedule 1 amends section 23AG of the *Income Tax Assessment Act 1936* to change the taxation of income earned by Australian resident taxpayers in foreign service.

1.5 Schedule 2 amends superannuation law relating to the matching rate and maximum government co-contribution for eligible personal superannuation contributions made over the next five income years.

1.6 Schedule 3 reduces the caps on concessional superannuation contributions.

1.7 The Government expects these changes to generate savings of almost \$5 billion over the forward estimates period (Table 1).

Table 1: Budget savings from bill

	2009-10	2010-11	2011-12	2012-13	total
schedule 1	0	\$215m	\$225m	\$235m	\$675m
schedule 2	\$385m	\$395m	\$410m	\$205m	\$1,395m
schedule 3	\$625m	\$640m	\$720m	\$825m	\$2,810m

Source: derived from *Explanatory Memorandum*.

