

**Senate Economics Legislation Committee
Treasury Laws Amendment (2023 Measures No. 1) Bill 2023**

ANSWERS TO QUESTIONS ON NOTICE

Agency: Australian Taxation Office
Topic: Competitive Advantage
Senator: Senator McKim

Question:

Senator McKIM: You both very presciently answered my next question. I'd like Treasury and the ATO to both respond to this. Would you agree or disagree with the contention that, taken as a whole, schedule 5 would tend to give larger, more well established companies a competitive advantage over newer, less well established companies?

Ms Bultitude: The legislation is designed to capture what was a very small number of behaviours undertaken that gave rise to the taxpayer alert, so it's difficult to say that it's going to be putting a whole class of companies at a disadvantage to another class of companies when it's a relatively small number of transactions or behaviours that are being captured by this legislation. The vast majority of companies, small and large, will be unaffected because they're not engaging in this type of behaviour.

Senator McKIM: Just to be clear, I'm suggesting that, because smaller, newer companies are more reliant on equity funding compared to larger, more well established companies and because smaller, newer companies are less likely to have an established practice of issuing franked dividends, that may result in a situation whereby larger, more well established companies have a competitive advantage over smaller, less well established companies. I just want to be clear about the proposition I'm putting. Thank you for your response. Perhaps you could have a think about that and, if you have anything further in response to that, you could come back to the committee on notice.

Ms Bultitude: I'm happy to do that.

Answer:

This is a policy matter and therefore best placed with Treasury to respond.