



Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

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10 November 2020

Treasury Laws Amendments (2020 Measures No. 4) Bill 2020

The Australian Energy Council (the Energy Council) welcomes the opportunity to make a submission to the Senate Standing Committee on Economics (the Committee) on *Treasury Laws Amendments Bill 2020*, which amends the *Income Tax Assessment Act 1997* to clarify that refunds of large-scale generation shortfall charges are non-assessable non-exempt income for income tax purposes.

The Energy Council is the industry body representing 21 electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. These businesses collectively generate the overwhelming majority of electricity in Australia and sell gas and electricity to over 10 million homes and businesses.

The Energy Council continues to support the Bill, which will reduce uncertainty as to the symmetry of the tax treatment of shortfall charges and refunds, by making it clear that a refund of shortfall charges constitutes non-assessable income for income tax purposes. The energy industry welcomes the introduction of this long-awaited legislation that will simplify the process of meeting the renewable energy targets and reduce costs to consumers.

In October 2018 the Clean Energy Regulator indicated it has no objection to liable entities using the shortfall provisions and subsequently trueing-up as allowed for under the Renewable Energy (Electricity) Act 2000¹. The Bill will remove residual doubt about the tax treatment of using the shortfall provisions in this manner.

Any questions about our submission should be addressed to Sylwia Kautz, Finance Manager by email to [REDACTED] or by telephone on [REDACTED]

Yours sincerely,

[REDACTED]
Ben Skinner
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Australian Energy Council

¹ <http://www.cleanenergyregulator.gov.au/About/Pages/News%20and%20updates/NewsItem.aspx?ListId=19b4efbb-6f5d-4637-94c4-121c1f96fcfe&ItemId=560>