



JOINT STANDING COMMITTEE ON ELECTORAL MATTERS
Inquiry into Schedule 1 of the Tax Laws Amendment Bill

Chair: Daryl Melham
Deputy Chair: Scott Morrison

Committee recommends discontinuing tax deductibility for political donations

Federal Parliament's Electoral Matters Committee has supported the discontinuation of tax deductibility for political donations in a report tabled in the House of Representatives yesterday.

"Discontinuing tax deductibility for these payments will remove the inherent inequity of the tax system, which provides higher income earners a larger public subsidy for contributions to political parties", committee chairman Daryl Melham said.

Under current income tax arrangements, individuals and companies can claim up to \$1,500 per year as a deduction in their tax returns for contributions and gifts (including membership fees) to political parties, members and candidates.

The Senate referred consideration of the issue to the committee as part of its consideration of Schedule 1 of the Tax Laws Amendment (2008 Measures No. 1) Bill 2008.

"The committee supports the discontinuation of tax deductibility for political donations and recommends that the bill be passed by the Senate without amendment", Daryl Melham said.

Discontinuing tax deductibility for political contributions and gifts is estimated to save \$31.4 million over the four years to 2011-12, with savings commencing in 2009-10.

A copy of the full report is available from the committee's website at <http://www.aph.gov.au/house/committee/em/taxlawbill/index.htm>.

For media comment: please contact the Committee Chair, Daryl Melham, on (02) 6277 2054 (Parliament House Office).

Further information: contact the Inquiry Secretary (02) 6277 2374, email jscem@aph.gov.au or visit the Committee's webpage at <http://www.aph.gov.au/em>