

# Advisory Report on the Tax Laws Amendment (Managed Investment Trust Withholding Tax) Bill 2012

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## House of Representatives Standing Committee on Economics June 2012 Advisory Report 15

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The Tax Laws Amendment (Managed Investment Trust Withholding Tax) Bill 2012 (“the Bill”) makes consequential administrative changes to support the tax rate changes in the Income Tax (Managed Investment Trust Withholding Tax) Amendment Bill 2012 (“the second Bill”). In particular, the Bill sets withholding rates so that the correct amounts are withheld and are available for payment under the second Bill at a later date.

The substantive provisions of the Bill are in Schedule 1. It replicates exactly the provisions in Schedule 4 of the Tax Laws Amendment (2012 Measures No. 2) Bill 2012 (“the third Bill”).

The third Bill was one of four Bills that the committee examined in its last Advisory Report, tabled on Monday, 18 June 2012 (Advisory Report 14). In this inquiry, the committee received submissions on this issue and took evidence from key stakeholders, in particular the Financial Services Council, the Property Council, and Treasury. The committee concluded that all four Bills should proceed.

The referral of the Bill is, in effect, requesting the committee to repeat its previous inquiry. The committee sees no constructive benefit in this, given that the circumstances are much the same as when the committee tabled its report a week ago.

The committee reiterates its previous recommendation.

### **Recommendation**

That the House pass the Tax Laws Amendment (Managed Investment Trust Withholding Tax) Bill 2012 as proposed.

Julie Owens MP  
Chair  
22 June 2012

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## Dissenting Comment

Liberal Members of the Committee have already commented on the implications of the Tax Laws Amendment (Managed Investment Trust Withholding Tax) Bill 2012 when the Committee previously considered the Bill. Our concern over the impact and process of the Labor Government's handling of this issue was outlined in our previous dissenting report.

The referral of this Bill to the Committee again is a consequence of the Government's shambolic approach to policy development.

Let us be clear on why criticisms of this Government's approach to policy are valid and give rise to serious concern over perceptions about the heightened sovereign risk now faced in Australia.

The journey of changes to withholding tax on Managed Investment Trusts as outlined by the Government have left all concerned about the 'on again, off again' dithering this Government has adopted.

For example, it was announced that the Government was going to reduce withholding tax on Managed Investment Trusts from 30 per cent to seven and a half per cent. In this year's budget it was announced the tax rate was increasing again to 15 per cent.

Last week, that rate was outlined in the introduced Bill. The Government then excised it from the bill; only to subsequently reintroduce it.

The damage to Australia's reputation of this inconsistent and haphazard approach to policy is apparent.

Steven Ciobo MP  
Deputy Chair

Kelly O'Dwyer MP

Scott Buchholz MP