

Question on notice no. 296

Portfolio question number: 296

2017-18 Supplementary budget estimates

Economics Committee, Treasury Portfolio

Senator Chris Ketter: asked the Department of the Treasury on 25 October 2017—

- (1. Can you confirm that at the end of the Governments full Enterprise Tax Plan as proposed that passive investment companies will be eligible for the 25% rate?
2. If so, why is it valid to deny passive investment companies the lower rate during the phasing in of the Enterprise Tax Plan, but allow them once the rate is 25% for entities of all sizes?

Answer —

See attachment.

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

2017 - 2018

Division/Agency: Corporate and International Tax Division

Question No: 296

Topic: Treasury Laws Amendment (Enterprise Tax Plan Base Rate Entities) Bill 2017

Reference: Written

Senator: Chris Ketter

Question:

1. Can you confirm that at the end of the Government's full Enterprise Tax Plan as proposed that passive investment companies will be eligible for the 25% rate?
2. If so, why is it valid to deny passive investment companies the lower rate during the "phasing in" of the Enterprise Tax Plan, but allow them once the rate is 25% for entities of all sizes?

Answer:

1. The Government's policy, as announced in the 2016-17 Budget and reflected in the *Treasury Laws Amendment (Enterprise Tax Plan No. 2) Bill 2017*, is to unify the company tax rate for all companies at 27.5 per cent in 2023-24 before progressively lowering the rate to 25 per cent by 2026-27.
2. Please refer to SBT 294.