

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates

29 May – 31 May 2012

**Question: BET 125**

**Topic: Tax Disputes Reflected in Budget Papers**

**Hansard Page: Wednesday 30 May 2012, page 119**

**Senator CORMANN asked:**

Senator CORMANN: Sure. I understand that. As the amount of tax in dispute goes up, where is that reflected in your cash position?

Mr Heferen: It is reflected in the statement of risks. It is reflected there.

Senator Wong: I think there is a temporal issue here that maybe you are making an assumption about.

Senator CORMANN: I am not making any assumptions. I am trying to understand.

Senator Wong: Senator—

Senator CORMANN: I am not making an assumption.

Senator Wong: Well, let me finish and you might work out whether or not you are. Is your question how much of this is relating to past and how much is relating to future? Obviously the former is not going to be reflected in the UCB in years ahead. If that is the question, we might need to take that on notice.

Senator CORMANN: You might have to take that on notice.

Senator Wong: You keep asking where it is reflected. Mr Heferen keeps saying, 'Here in the statement of risks.' Maybe you need to be clear what you mean by 'reflected'.

Senator CORMANN: I am not asking where it is written out. We have \$8.8 billion of contingent liabilities.

Senator Wong: You are asking where it is accounted for.

Senator CORMANN: Where is it accounted for?

Senator Wong: In the statement of risks. If you do not like that answer, maybe you can ask another question. We are not understanding what you are asking.

Senator CORMANN: I am asking how it is reflected in the underlying cash balance, the underlying cash position.

Senator Wong: That is the question. See, I was actually quite helpful.

Senator CORMANN: I have asked that before. How do these amounts affect the underlying cash position for each year if all these contingent liabilities come to pass?

Mr Heferen: If all of them came to pass? The probability of all of them—

Senator CORMANN: Is low. I understand. I am just trying to understand—

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates

29 May – 31 May 2012

Senator Wong: We are not going to hypothesise. If your question is the one I put back to you or tried to summarise, which is what is the effect of any proportion of the \$8.8 billion on the UCB in the budget period, we will take that on notice.

Senator CORMANN: That is already what I have asked. I have tried to assist by making the question clearer.

Senator Wong: Yes. And we are taking that on notice.

**Answer:**

The revenue forecasts do not include any explicit assumptions on tax in dispute, either for particular cases or in general.

Once a dispute has been resolved, the revenue forecasts will include an allowance for a change to tax payable or tax refundable.

In any given year a proportion of cases will be resolved in favour of the government, a proportion will be resolved in favour of the taxpayer, a proportion will remain unresolved and new case will arise.

The revenue forecasts implicitly assume that the historical outcomes of court cases will continue.