

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

2016 - 2017

Department/Agency: Treasury

Question: BET179-182

Topic: Depreciation Schedules

Reference: Written - 6 May 2016

Senator: Chris Ketter

Question:

179. Do the proposed changes to depreciation schedules for intangible assets apply only to start-ups, or would very large, e.g. multinational, corporations, also be able to take advantage of them?

180. What is the current cost estimate for this measure over the forward estimates?

181. What rate of uptake is this costing based on?

182. Is Treasury concerned about the cost of this measure blowing out significantly if major global firms take advantage of it?

Answer:

179. The changes apply to intangible assets subject to a statutory effective life that were acquired by any taxpayer on or after 1 July 2016.

180. As announced in the 2015-16 MYEFO the measure was estimated to cost \$80 million over the then forward estimates period.

181. The costing assumes that 15 per cent of the total value of intangible assets currently being depreciated under the statutory effective life will now be self-assessed by taxpayers. This assumption was based on consultation with the ATO.

182. Treasury costings are based on its best estimate of the behavioural response to the policy change.