

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

2016 - 2017

Department/Agency: Treasury

Question: BET321

Topic: Ten Year Enterprise Tax Plan - Costing for 2026-27

Reference: Hansard Page No. 71 - 6 May 2016

Senator: Penny Wong

Question:

Mr Brake: The costings include the effect of the change in the company tax rate, which changes franking credit, which changes the amount of personal tax paid.

Senator Cormann: So the answer is yes.

Mr Brake: The phasing is such that by 2023-24 all companies have a 27.5 per cent company tax rate, and then it goes 27, 26, 25.

Senator WONG: Does it include the effect of the 25 per cent rate for all companies in the 2026-27 year?

Mr Brake: Yes.

Senator WONG: What is the costing for that year?

Mr Brake: We will have to take that on notice.

Answer:

The medium-term estimate of the cost to the budget of lifting the small business entity threshold and reducing the company tax rate to 25 per cent to 2026-27 was estimated at \$48.2 billion in cash terms at the time of the 2016-17 Budget. Estimates for individual years have been provided over the relevant forward estimates period as per budget convention.