

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

2016 - 2017

Department/Agency: Treasury

Question: BET49-55

Topic: Corporate Tax

Reference: Written - 6 May 2016

Senator: Penny Wong and Chris Ketter

Question:

Changes to the company tax rate are the centre piece of the government's Budget. Labelled a 'Ten Year Enterprise Tax Plan' through the Budget glossies and BP2, the Prime Minister has committed to legislating a ten year 'glide path' tax cut schedule.

In an interview given on Thursday 5 May, 2016, between the Prime Minister and David Speers, the following statement was made:

SPEERS: So, the company tax plan what is it going to cost over ten years?

TURNBULL: Well we have not - the Treasury has not identified the dollar cost of that particular item.

49. On what date had Treasury developed a ten year costing for this ten year tax package?

50. On what date was this advice provided to Government?

51. Please provide a copy of a table of the ten year UCB/fiscal cost of the government's 'Ten Year Enterprise Tax Plan' which itemises the three measures on pages 40-41 of Budget paper No 2, as follows:

- Increasing the small business entity turnover threshold - \$2.2 billion over the Fes
- Increasing the unincorporated small business tax discount - \$450 million over the Fes
- Reducing the company tax rate to 25 per cent - \$2.7 billion over the FEs

52. Did Treasury provide advice to government on 5 May 2016 of the ten year cost?

53. Did the Treasurer or PM&C request a ten year number during the week beginning 1 May?

54. Did the Treasurer or PM&C request a ten year number during Budget deliberations?

55. When was a ten year UCB/fiscal impact number provided to the government?

Answer:

Questions 49, 50, 52-55

Disclosing when these costings were provided to the Government would reveal deliberations of Cabinet.

Question 51

The estimated financial implications of all budget measures over the relevant forward estimates period are published in the 2016-17 Budget. As the Secretary indicated on page 11 of Hansard of 6 May 2016, the Treasurer has authorised release of 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. This cost to 2026-27 was estimated at \$48.2 billion in cash terms at the time of the 2016-17 Budget.