

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

20-21 November 2013

Question: **SBT 68**

Topic: **Company tax rate cut and paid parental leave levy –
anti-cascading policy**

Hansard Page: **page 107, 20 November 2013**

Senator WONG asked:

68. Mr Heferen: There is no cascade there. The cascading refers to the corporate tax that is taxed again at the next level of corporate tax. That 1½ per cent that we tax would go through and then be taxed at the next corporate level. To the extent that we get to the individual level, then it just hits the personal tax system.

Senator WONG: Is there any anti-cascading personal tax mechanism being considered?

Mr Heferen: No. The statement is pretty clear that it is not to be frankable.

Senator WONG: In terms of the letter, have you done any analysis of the number of people who are likely to be impacted by that?

Mr Heferen: I am sure we would have provided advice to the government—either have or will. That would be in the context of providing advice that assists the government in making its decision.

Senator WONG: Sure. I do not want to know what to know what the advice is—well, I do but you are not going to tell me that—but what I would like to know is the number of individuals who are likely to be impacted by the non-frankable component.

Mr Heferen: We would have to take that on notice.

Senator PRATT: Could I also ask what the impact on revenue is from the savings from those people who otherwise would have had those frankable dividends?

Mr Heferen: I beg your pardon?

Senator PRATT: The revenue impact of that not being frankable.

Mr Heferen: We will take that on notice too.

Senator WONG: You do understand what I am asking for?

Mr Heferen: Yes.

Answer:

68. Around 3,000 large companies will pay the PPL levy. A potential 800,000 companies will benefit from the company tax cut.

The costings are available in the 2013-14 MYEFO.