

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Additional Estimates 14 – 15 February 2007

**Question:** aet103

**Topic:** Revenue from Non-Forestry Managed Investments Scheme

**Hansard Page:** E68-69

**Senator SHERRY asked:**

Perhaps Mr Callaghan can help us?

**Mr Callaghan**—I was just trying to understand your question. If I understand what has happened, the ATO had an interpretation of what the current law was, so in one sense there is no cost to revenue because taxpayers were operating under the ATO's interpretation of what the law was. The ATO have indicated that they have reconsidered their view of what the current law is. In a sense changing that, looking forward, would have implications for revenue going forward, but it is not a cost of the current arrangements.

**Senator SHERRY**—What is the implication to revenue going forward, then, that has been estimated?

**Mr Callaghan**—I do not have that estimate with me. We have seen published numbers about what the size of the investment is in the industry. Most of those would be deductions. It would have to be netted out, but that gives you an order of magnitude of the nature of deductions that would not be allowed. But there would be offsetting elements in there. I would not have the total cost available. I would have to take it on notice. Sorry, it is not a cost; it is what would be the gain in the non-forestry side?

**Senator SHERRY**—You seem to be indicating that an estimate has not been calculated. Has it been calculated?

**Mr Callaghan**—One has not been published.

**Senator SHERRY**—No, that is not what I asked.

**Mr Callaghan**—No—

**Senator SHERRY**—You know—

**Mr Callaghan**—Yes, estimates have been calculated.

**Answer:**

Measures published in the Budget report the financial impact of Government decisions. The change in ATO interpretation is not a Government decision, as such it would not be reported as a Budget measure.

Changes in the ATO interpretation of the law are taken into account in preparing the forward estimates and are included in the “parameter and other variations” item in the

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reconciliation table in the Budget papers (Table 2 of Budget Statement 5 in Budget Paper No. 1). While the main reasons underlying the parameter and other variations between Budgets are outlined, a full breakdown is not published.