# Senate Standing Committee on Economics

## ANSWERS TO QUESTIONS ON NOTICE

## Treasury Portfolio

## Additional Estimates

## 23 – 24 February 2011

Question No: AET 46

Topic: –ATO - FLOOD TAX AND SMALL BUSINESS

Hansard Page: Written

Senator Ryan asked:

1) How many small business owners, whose businesses have been inundated, does the ATO expect to pay the tax?

2) Are recipients of the Disaster Income Recovery Subsidy eligible to pay the flood levy if they are not recipients of the Australian Government Disaster Recovery Payment and they earn over $50,000 for the 2011-12 financial year?

3) How many people who have received the Disaster Income Recovery Subsidy does the ATO expect to pay the Flood Tax?

4) What Flood Tax revenue does the ATO expect to generate from DIRS recipients?

Answer:

1) Treasury have estimated that around 4.8 million taxpayers would have income in excess of $50,000 for 2011-12 and thus be potentially liable for the temporary flood and cyclone reconstruction levy (the levy) before levy exemptions for disaster affected individuals are considered.

Neither Treasury, nor the ATO, has an estimate of the number of individuals with small business income and taxable income in excess of the relevant threshold, who are not eligible for an exemption from the levy and whose businesses have been inundated.

2) Recipients of the Disaster Income Recovery Subsidy (DIRS) will be required to pay the flood and cyclone reconstruction levy unless they separately meet one of the exemption categories that have been announced by the Government for the levy. An individual is exempt from the flood and cyclone reconstruction levy if their taxable income during 2011-12 is less than $50,001 or if one of the following exemption categories announced by the Government applies:

- they have received an Australian Government Disaster Recovery Payment (AGDRP) for a disaster that occurred in 2010-11;
- they were affected by a disaster declared under the National Disaster Recovery and Relief Arrangements and would have met at least one of the AGDRP criteria; or

- they are a New Zealand non-protected special category visa holder who received an ex-gratia payment from the Government for a disaster that occurred in 2010-11.

The Government has exempted DIRS payments from income tax which means that the payments do not contribute to an individual's taxable income.

3) Neither Treasury, nor the ATO, has an estimate of the number of individuals in receipt of DIRS with taxable income above the relevant threshold and who are not eligible for an exemption from the levy.

4) Neither Treasury, nor the ATO, has an estimate of the amount of revenue expected to be derived from taxpayers in receipt of DIRS with taxable income above the relevant threshold and who are not eligible for an exemption from the levy.