

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 2012

15 – 17 February 2012

Question: AET 1263

Topic: New tax systems for managed investment trusts

Hansard Page: 70

Senator Cormann asked:

I might move on from the private health insurance issue. I have one simple question on new tax systems for managed investment trusts. The commencement date has been deferred to 1 July 2013 due to ongoing consultation with industry. What is the revenue impact of the deferral?

Mr Heferen: Sorry, we are just having a little difficulty tracking it down.

Senator Cormann: If you can look for that, I have got a couple of similar little issues. The *Tax expenditures statement 2011* lists the rebate for broadcasting licence fees at page 175, item F5, and it shows a rise in expenditure from 2013-14 to 2014-15 of \$12 million. Can you explain the reason for that change?

Mr Heferen: I think questions on broadcast licence fees should be put to Department of Broadband, Communications and the Digital Economy.

Senator Cormann: It is not a revenue issue?

Mr Heferen: I think in that case it is just a tax expenditure, but the policy behind the tax expenditure would be a question for communications policy.

Senator Cormann: You do not know what causes the variation?

Mr Heferen: I think it would be best put to the other department or, if necessary, we could take it on notice.

Answer:

Managed investment trusts

Revenue impact: Gain in revenue of \$50m in 2013-14 and \$20m in 2014-15.

Answer was subsequently provided in Proof Committee Hansard, Senate, Economic Legislation Committee – Estimates, February 16, 2012, page 71 (Mr Rob Heferen, Executive Director, Revenue Group, Treasury)

Broadcasting licence fees

Explanation of the change: The tax expenditure estimates for the broadcast licence fee rebate take account of both the licence fee rebate and associated impact on income tax collections. The rebate itself is a tax expenditure. However, the rebate results in a subsequent reduction in tax deductions claimed by broadcasting companies, which has an offsetting impact on tax payable in later years.

In 2013-14, the rebate for broadcasting licence fees is estimated to result in a negative tax expenditure of \$21 million. This is because, while the rebate itself is only available in 2010 and 2011, the impact on tax deductions will tend to occur with a lag, with the overall impact being a negative tax expenditure for both 2013-14 and 2014-15 (ie, the impact on tax deductions exceeds

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the reduction in broadcasting fees for those years). It is estimated that more of the impact on income tax deductions will occur in 2013-14 than 2014-15, and hence the negative tax expenditure falls from \$21m to \$9m. It would be expected to fall further to zero over time.