

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
TREASURY
Australian Taxation Office
(Budget Estimates 30 May 2006)

Question **BET-128**

Topic: **BUILDING AND CONSTRUCTION INDUSTRY FORUM**

Hansard page **Written Question**

Senator **Sherry** asked:

a) Is it the case that the Building and Construction Industry Forum (BCIF) was informed in 2005 that Australian Business Numbers (ABNs) would not be issued to apprentices or unskilled labourers in order to clamp down on abuse of the contractor system?

Answer: No. The ATO has publicly explained its position that taxpayers working as apprentices are employees. Consequently an apprentice cannot use an ABN to alter that arrangement.

However, as indicated to the Building and Construction Industry Forum, a person could be entitled to an ABN for a business activity not connected to his or her apprenticeship.

b) Isn't it also the case that the BCIF meeting at the Mercure Hotel at Sydney Airport on May 30 2006 was told that this announced policy had not and would not be implemented?

Answer: The BCIF was informed on 30 May 2006, that changes to the web-based ABN application process had not yet been introduced. The changes were not specifically relating to the issue of ABNs to apprentices.

c) Why has the Australian Taxation Office (ATO) not implemented a policy that it promised industry participants it would implement?

Answer: Industry participants were not promised implementation of a new policy – refer responses to questions (a) and (b) above.

d) Who made the decision in the ATO that the announced policy on restricting the issuing of new ABNs would not be proceeded with?

Answer: See responses to questions (a) and (b) above.

e) What was the reason for this change of policy?

Answer: See responses to questions (a) and (b) above.

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

TREASURY

Australian Taxation Office

(Budget Estimates 30 May 2006)

f) What involvement did the Minister for Revenue or the Minister's office have on this issue?

Answer: The Minister for Revenue and Assistant Treasurer's office has not been consulted on this particular issue.

g) Why were the members of the BCIF not consulted on this change of policy?

Answer: See responses to questions (a) and (b) above.

h) Why have they not been advised in writing on this policy change?

Answer: See responses to questions (a) and (b) above.

i) What is the expected cost of this policy change?

Answer: See responses to questions (a) and (b) above.

j) Who made the calculation about the cost of this policy change?

Answer: See responses to questions (a) and (b) above.

k) How can an apprentice possibly qualify as a self-employed contractor?

Answer: see response to question (a).

l) How many apprentices are currently claiming to be working as self-employed contractors?

Answer: This will be determined on audit of a prior year's income tax return

m) Would you please supply a copy of the written advice under which the policy was changed?

Answer: Not applicable. See responses to questions (a) and (b) above.