

**Senate Economics Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates 30 May – 1 June 2006

**Question: bet 59**

**Topic: Integrity Measures have made to health of corporate tax revenue**

**Hansard Page: E12**

**Senator MURRAY asked:**

Perhaps I could ask you—on notice, because you could not give a full answer—to go away and think a bit more about giving us a considered answer on what contribution, on a sustainable basis, you think the integrity measures have cumulatively made to the health of our corporate tax revenue.

**Mr Callaghan**— Certainly. We will see what further information we can give you. But I think it is very difficult to identify because it is always trying to find that counterfactual. In many respects, if you are changing the behaviour of companies in that they are now paying tax, the fact that you could not identify that they were not paying tax before—or should have been paying tax—is going to be very difficult to do. But we will certainly have a look and see if there is any information we could give you. We will see what we can do.

**Answer:**

It is difficult to measure the impact of integrity measures on company tax revenue. The only component that is directly measurable is active compliance, whereas the bulk of revenue that is likely to stem from integrity measures is from voluntary compliance. In particular, target revenue collections for the recent compliance challenge project on small medium enterprises were met in 2004-05 and preliminary results for 2005-06 indicate that targets were exceeded.

The active compliance results for large and small and medium enterprises for the last three years are detailed below:

	2002-03 \$m	2003-04 \$m	2004-05 \$m
Collections	1,541	2,109	1,612

Source: Australian Taxation Office Annual Reports 2002-03 and 2004-05.