Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates, 2 June – 4 June 2009

Question: bet 13

Topic: **Improving Fairness and Integrity in the Tax System – Tightening the Non-Commercial Loan Rules**

Hansard Page: **Written**

Senator Williams asked:

1. What modelling has been done on the issue "improving fairness and integrity in the tax system – tightening the non-commercial loan rules"? (reference Page 21 Budget Revenue Measures – Budget papers 2)
2. How many farms will be affected by this change in taxation?
3. Was any of the farm sector consulted?
4. How was the estimated revenue impact of $30 million over the forward estimates period arrives at?
5. Has the impact of the Carbon Pollution Reduction Scheme been factored in to farm costs in relation to this ruling?

Answer:

1. Data on the full range of arrangements that would be subject to the changes to the non-commercial loan rules are not available as such arrangements have not previously been subject to tax. The estimated financial impact of the proposal to tighten the non-commercial loan rules in Division 7A of the Income Tax Assessment Act was based largely on the expected effect of closing particular avoidance loopholes.

2. The number of farms affected by the change is not known.

3. No.

4. See answer to question 1.

5. No.