

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates, 2 June – 4 June 2009

Question: bet 4

Topic: Employee Share Scheme

Hansard Page: Written

Senator Bob Brown asked:

1. Are the changes to employee share plans simply bringing forward tax expenditure or is it a genuine savings to the budget?
2. One of the motivations of this measure is to ensure that wealthier individuals do not use deferment as a method of avoiding their tax liabilities. How will you ensure that this measure addresses tax avoidance?
3. What would be the savings to the budget if the proposal was reformed to just abolish the \$1000 tax break?
4. The issue of excessive and extreme executive salaries has been consistently highlighted over the past 12 months. How will this measure assist in curbing excessively high executive salaries?

Answer:

- 1: The final changes to the taxation of employee share schemes (announced in the Policy Statement released on 1 July 2009) represent ‘genuine savings to the Budget’.
- 2: How this measure addresses the identified tax avoidance and tax evasion issues is outlined in the Treasury Consultation Paper released on 5 June 2009 and the Government’s Policy Statement released by the Assistant Treasurer on 1 July 2009.
- 3: This information is not publicly available. Information on the employee share scheme tax expenditures is contained at tax expenditure A55 in the 2008 *Tax Expenditures Statement*.
- 4: The Budget measure was designed to improve equity and fairness in the tax system by treating all forms of remuneration more consistently; target employee share scheme tax concessions more closely to low and middle income earners; and, reduce the scope for losses to tax revenue through tax evasion and tax avoidance.