

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Treasury Portfolio

Supplementary Budget Estimates 1 - 2 November 2006

Question: sbt 49
Topic: Tax losses cap for restructured companies
Hansard Page: E90-91

Senator SHERRY asked:

There is a question that concerns the United Nations standard product and services code, which is a question for OPS, who are now not coming. I want to go to another area of revenue—that is, tax losses. This is not an issue for tax officers; it is an issue for Treasury revenue. In January of this year a review was commenced in the division for tax loss recoupment. The government proposed a cap on the same business test for claiming tax losses for companies who have restructured; where is that review up to?

Mr Flavel—Submissions were received earlier this year, and the matter is still under consideration by government.

Senator SHERRY—When approximately did submissions close?

Mr Flavel—My recollection is that they were requested by the former minister for revenue by 31 January.

Senator SHERRY—Who did they go to? Who is coordinating this submission work in Treasury?

Mr Flavel—My recollection is that the submissions were addressed to the business tax division in Treasury.

Senator SHERRY—Is that you?

Mr Flavel—It is the division I work in, yes.

Senator SHERRY—What has happened to them? There is obviously a working group on this project, isn't there?

Mr Flavel—I think it is important to note that changes in legislation were passed late last year to the company loss recoupment arrangements. They continue on. The government will get to the point of considering those submissions and any relevant policy changes that emanate from them.

Senator SHERRY—I know there were changes last year. Is there an officer responsible for coordinating this work in your area? There must be someone who has got these things somewhere.

Mr Flavel—Yes.

Senator SHERRY—Well, who is it?

Mr Ray—The general manager for the division is responsible.

Senator SHERRY—Do you know, then, who is coordinating this work? You must know who has got it.

Mr Ray—It is being coordinated in our business tax division.

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Senator SHERRY—Who by?

Mr Ray—I do not know.

Senator SHERRY—It is a matter of fact. Is there an officer here who can give us a bit more detail?

Mr Flavel—I am happy to give you some detail, if you like.

Senator SHERRY—Oh good! Can we start with who is coordinating this work? Do you have a unit set up to do it? What is so hard about that question? Yes or no.

Mr Flavel—There is a unit. There is a large business unit, and that would form part of their work.

Senator SHERRY—How many officers are working on this at the present time?

Mr Flavel—I am not sure I could go to the point of allocating a particular percentage of time.

Senator SHERRY—How many officers? Is there one person responsible for coordinating it? Presumably there would have to be. It may or may not be taking up any of their time, or all of their time.

Mr Flavel—For instance, I have been involved in that process.

Senator SHERRY—You have been involved in this process. We are slowly and gradually getting somewhere. How many other officers have been involved in the process?

Mr Flavel—There will probably be one or two other officers involved in a part-time or as-required capacity, looking at those submissions and providing advice.

Senator SHERRY—I am not going to go to the detail of advice, but has a document gone to the Treasurer's office on this matter yet?

Mr Ray—That gets a bit close, as you know.

Senator SHERRY—Yes, but it is not over the line. I am not asking about what is in it; I am just asking whether a document has gone to the Treasurer's office on this matter.

Mr Ray—We are happy to take it on notice.

Answer:

Analysis of the issues raised by stakeholders is continuing and will be considered further in the 2007-08 Budget context.