

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

20 October 2011

Question No: SBT 11

Topic: Excess Contributions Tax – administration expenditure

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Senator CORMANN: What are the most recent figures as to administration expenditure on excess contributions tax for 2010-11?

Mr Olesen: Administration expenditure—so the cost of administering it?

Senator CORMANN: Yes.

Mr Olesen: I do not have those figures, Senator. I will have to take that on notice.

Senator CORMANN: Is that something that you would be able to identify?

Mr Olesen: Yes, absolutely.

Senator CORMANN: I am talking about the expense related to the administration of excess contributions tax. Do you know what the forecast expenditure is for 2011-12, or would you have to take that on notice as well?

Mr Olesen: Yes.

Answer:

The actual cost of administering excess contributions tax in 2010-11 was \$39.9 million.

The estimated cost of administering excess contribution tax in 2011-12 is \$50.4 million.

Approximately half of the expected increase in costs from 2010-11 to 2011-12 is as a result of an increase in the number requests for review, exercise of the Commissioner's discretion and other interpretive advice. The increased volume of work is a consequence of increased volumes of assessments arising from the reduction of the concessional contributions cap in the 2009-10 year.

The remaining half of the increase in costs results from design and implementation costs associated with the new policy measures to:

- allow individuals aged 50 or over to make concessional contributions of up to \$50,000 provided the individual's total superannuation balances are less than \$500,000
- provide eligible individuals with the option to have excess concessional contributions taken out of their superannuation fund and assessed as income at their marginal rate of tax, rather than incurring excess contributions tax.