

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

20 October 2011

Question No: SBT 6

Topic: Tax debt analysis

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Senator XENOPHON: This may be in your annual report or you can take it on notice: where does the debt come from—small business, larger businesses—has there been a qualitative analysis of the debt and are there any trends in relation to that?

Mr Butler: I can answer that at a high level. It is mostly small business debt. We have information in our report, but we can take that on notice.

Senator XENOPHON: I think it might be indicative of the stresses that small business faces.

Mr Butler: Large business might dispute their tax debt through disputing their assessments. Typically the ones who cannot pay—

Senator XENOPHON: It would be interesting to see, if you could take this on notice, if there are any trends in the last—

Mr Butler: Trends around percentages?

Senator XENOPHON: Shifts in the percentage of debts and the source of those debts.

Mr Butler: Yes, we can answer that.

Answer:

Over the past five financial years (2006-07 to 2010-11), the composition of collectable debt has shown the following trends:

- the collectable debt owed by micro enterprises (annual turnover under \$2 million) as a proportion of total collectable debt has remained stable, generally accounting for around two-thirds of total collectable debt
- there has been an increase in collectable debt owed by small-to-medium enterprises (annual turnover between \$2 million and \$250 million) as a proportion of total collectable debt (from 13.2% at 30 June 2007 to 19.2% at 30 June 2011).
- there has been a decrease in collectable debt owed by individual non-business taxpayers as a proportion of total collectable debt (from 17.5% at 30 June 2007 to 13.5% at 30 June 2011).
- the collectable debt owed by large businesses (annual turnover greater than \$250 million) as a proportion of total collectable debt has accounted for around 1% or less of total collectable debt. This does not include debt which is the subject of litigation where typically half the tax in dispute is paid.