

Chapter 1

Introduction and conduct of the inquiry

1.1 On 14 February 2013, the House of Representatives referred the Tax and Superannuation Laws Amendment (2013 Measures No. 1) Bill 2013 to this committee for inquiry and report.

1.2 The Bill amends various taxation and superannuation laws to implement a number of changes, which include:

- ensuring that income tax is generally not payable on the interest paid by the Commonwealth on unclaimed moneys from 1 July 2013;
- aligning the special rules for calculating airline transport fringe benefits with the general provisions dealing with in-house property fringe benefits and in-house residual fringe benefits, and updating the method for determining the taxable value of airline transport fringe benefits;
- allowing participants in the Sustainable Rural Water Use and Infrastructure Program (SRWUIP) to choose to make payments they derive under the program free of income tax (including capital gains tax), with expenditure relating to the infrastructure improvements required under the program then being non-deductible;
- prescribing requirements for acquisitions and disposals of certain assets between self-managed superannuation funds (SMSFs) and related parties, to ensure that these transactions are conducted with transparency and are not used to circumvent the requirements of the superannuation law; and
- allowing corporate tax entities that have paid tax in the past, but are now in a tax loss position, to carry their loss back to those past years to obtain a refund of some of the tax they previously paid.

Conduct of the inquiry

1.3 The committee advertised the inquiry on its website, and wrote directly to a range of individuals and organisations inviting written submissions by 1 March 2013.

1.4 On 4 March 2013, the committee sent potential submitters a written reminder regarding the inquiry, and indicated that the committee would still receive written submissions on the Bill.

1.5 The committee received seven submissions, which are listed at Appendix 1.

1.6 The committee thanks all who contributed to the inquiry.

Financial Impact

1.7 According to the Explanatory Memorandum, the financial impact of the various schedules to the bill will be as follows:

- (a) Schedule 1, which relates to the taxation of interest on unclaimed moneys, has nil financial impact. The Government's intention to exempt interest paid by the Government in respect of unclaimed money from income tax was reflected in the financial impact of the *Treasury Amendment (Unclaimed Money and Other Measures) Bill 2012*.
- (b) Schedule 2, which relates to the reform of airline transport fringe benefits, has an unquantifiable financial impact.
- (c) Schedule 3, which relates to the SRWUIP, will have the following financial impact across the forward estimates:

<i>2012-13</i>	<i>2013-14</i>	<i>2014-15</i>	<i>2015-16</i>
-\$35m	-\$30m	\$5m	\$15m

- (d) Schedule 4, which relates to acquisitions and disposals of certain assets between SMSFs and related parties, has nil financial impact.
- (e) Schedules 5 and 6, which relate to the loss carry-back measures, will have the following financial impact across the forward estimates:

<i>2012-13</i>	<i>2013-14</i>	<i>2014-15</i>	<i>2015-16</i>
-	-\$150m	-\$250m	-\$300m

- (f) Schedule 7, which makes a number of miscellaneous amendments to the taxation laws, will have a minimal impact on revenue over the forward estimates.