

**Inquiry into
the Tax Laws Amendment (Improvements to Self Assessment) Bill (No.1) 2005
and the Shortfall Interest Charge (Imposition) Bill 2005**

On 11 May 2005, the Senate referred the provisions of these bills to the Economics Legislation Committee for inquiry and report by 22 June 2005. This package of bills make significant changes to the self assessment arrangements which underpin the Australian taxation system. They partially implement the Government's response to the recent Treasury *Review of Aspects of Income Tax Self Assessment*.

The Tax Laws Amendment (Improvements to Self Assessment) Bill (No. 1) 2005 (ISA bill) amends the *Taxation Administration Act 1953* (TAA) to apply a new charge, the shortfall interest charge (SIC), to a taxpayer's under-assessment of income tax. The SIC replaces the existing general interest charge for under-assessments and is four percentage points lower than that charge. In addition, the ISA bill allows the Commissioner of Taxation to remit the SIC; requires the Commissioner to provide reasons for rejecting a remission request; and enables a taxpayer to appeal against the Commissioner's decision. The bill removes the penalty for failing to follow a private ruling; requires the Commissioner to supply reasons for a penalty and not remitting it in full; and clarifies when a statement by an entity about an income tax liability is reasonably arguable.

The Shortfall Interest Charge (Imposition) Bill 2005 (SICI bill) meets constitutional requirements by imposing the shortfall interest charge as a tax insofar as this might be necessary.

Written submissions are invited and should be sent to:

The Secretary, Senate Economics Legislation Committee, Suite SG.64, Parliament House
Canberra ACT 2600.

The closing date for submissions is **Friday, 27 May 2005**.

The Committee requests that where possible, submissions should also be provided by email to economics.sen@aph.gov.au, preferably as MS Word 97 or RTF format documents. Notes to assist in preparing submissions are available from the website http://www.aph.gov.au/senate/committee/wit_sub/index.htm or the Secretariat (ph: 02 6277 3540, fax: 02 6277 5719, e-mail economics.sen@aph.gov.au).

Once the Committee accepts your submission, it becomes a confidential committee document and is protected by Parliamentary Privilege. You must **not** release your submission without the Committee's permission. If you do, it is not protected by Parliamentary Privilege. At some stage during the inquiry, the Committee normally makes submissions public. Please indicate if you want your submission to be kept confidential.

Inquiries from hearing and speech impaired people should be directed to the Parliament House TTY number (02 6277 7799). Adobe also provides tools for the blind and visually impaired to access PDF documents. These tools are available at: <http://access.adobe.com/>. If you require any special arrangements in order to enable you to participate in a committee inquiry, please contact the committee secretary.

If you need any further information, contact Mr Peter Hallahan, Committee Secretary, on (02) 6277 3540 (phone), (02) 6277 5719 (fax) or by email to economics.sen@aph.gov.au.