

# Chapter 1

## Tax Laws Amendment (Political Contributions and Gifts) Bill 2008

1.1 The Tax Laws Amendment (Political Contributions and Gifts) Bill 2008 amends the *Income Tax Assessment Act 1997* and the *Income Tax Assessment Act 1936* to remove tax deductions for contributions and gifts to political parties. The measure applies to contributions on or after 1 July 2008 and is expected to save \$31.4 million in revenue over the forward estimates period.

1.2 On 3 September 2008 the Senate referred the provisions of the bill to the Economics Committee for report by 5 November 2008.

1.3 The measure in the bill was first announced in March 2007 as part of the Labor Party's election commitments.<sup>1</sup> Identical provisions to those in the bill were in Schedule 1 of the Tax Laws Amendment (2008 Measures No. 1) Bill with additional provisions amending *A New Tax System (Goods and Services Tax) Act 1999*. This bill was introduced into the House of Representative on 13 February 2008 and referred to the Joint Standing Committee on Electoral Matters (JSCEM) on 19 March 2008. The JSCEM tabled its report on 16 June 2008 with a majority supporting the removal of tax deductibility for political donations and recommending that the bill be passed without amendment. However, four Coalition members submitted a minority report recommending that 'consideration of the tax deductibility measures in the bill be deferred until they can be assessed as part of the committee's comprehensive review of campaign finance'.<sup>2</sup> On 26 June 2008, Schedule 1 of the Tax Laws Amendment (2008 Measures No. 1) Bill was negated by the Senate.

### *Committee view*

1.4 The committee notes the measures in the current bill are the same as those in the bill considered in the JSCEM report. It is not aware of any events that are likely to have changed the views expressed by those who made submissions to that inquiry or appeared at its public hearing. The Economics Committee's inquiry into the current bill has been listed on the Committee's website but no submissions have been received. The committee therefore does not believe that any useful purpose would be served by holding a public hearing.

### **Recommendation 1**

**1.5 The committee recommends that the Senate refer to the June 2008 report (majority and minority) of the Joint Standing Committee on Electoral Matters on Schedule 1 of the Tax Laws Amendment (2008 Measures No. 1) Bill 2008 in its deliberations on the bill.**

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1 The Hon. Lindsay Tanner, Minister for Finance and Administration, 'Labor's \$3 billion savings plan', *Media Release*, 2 March 2007.

2 Joint Standing Committee on Electoral Matters, *Minority report—Mr Scott Morrison MP, Senator the Hon. Michael Ronaldson, Senator Simon Birmingham, Liberal Party of Australia, the Hon. Bruce Scott, the Nationals*, June 2008, p. 43.

**Senator Annette Hurley**  
**Chair**