

Chapter 1

Introduction

1.1 The Tax Laws Amendment (2009 Measures No. 1) Bill will amend various taxation legislation to implement a range of changes to Australia's tax laws. These include:

- a one-off 20 per cent reduction to the pay-as-you-go tax instalment for certain business taxpayers for the December quarter 2008, and a related regulation to enable such variations more easily in future;
- consequential amendments to various Acts arising from changes to the unclaimed money regime in 2008 ; and
- reforms to income tests used for determining eligibility for a range of government financial assistance programmes.

1.2 There is a different rationale behind each of the measures proposed by the bill.¹ First, the 20 per cent tax instalment reduction was proposed as an 'action to help Australian small businesses to weather the global financial crisis';² the introduction of regulations is intended to enable such variations to be more easily made in future.

1.3 Second, the amendments to the unclaimed money regime follow changes to the *Superannuation (Unclaimed Money and Lost Members) Act 1999* in 2008, to provide that the superannuation money of a former temporary resident is included in the unclaimed superannuation regime and is payable to the Commissioner (but can still be claimed at any time by the departee).³

1.4 Third, the reforms to income tests expand the income tests used in determining eligibility for a range of government financial assistance programmes. These measures will remove inconsistencies in the treatment of non-wage remuneration and take better account of certain losses. They will also align the

1 See Chapter 2 for a more detailed discussion of the measures in the bill.

2 The Hon. Wayne Swan MP, 'Reduction of the quarterly pay-as-you-go instalment due in February 2009 for small businesses', Media Release 140, 12 December 2008, p 1, at <http://www.treasurer.gov.au/DisplayDocs.aspx?doc=pressreleases/2008/140.htm&pageID=&min=wms&Year=2008&DocType=0>, accessed 16 February 2009.

3 For details on the 2008 changes see the Senate Standing Committee on Economics report, *Temporary Residents' Superannuation Legislation Amendment Bill 2008 [Provisions]; Superannuation (Departing Australia Superannuation Payments Tax) Amendment Bill 2008 [Provisions]*, November 2008.

definition of income for dependency tax offsets with that which applies for family assistance payments. These changes were announced as part of the 2008-09 budget.⁴

Financial impacts of the bill

1.5 The financial impact of the 20 per cent tax instalment reduction is estimated to be neutral over the forward estimates.⁵

1.6 The EM identifies no financial impacts arising from the amendments to the unclaimed money regime.

1.7 The income test reforms are estimated to produce an annual saving of around \$160 million to \$170 million from 2009-10 to 2011-12, with implementation and administrative costs of around \$5.5 million for the Australian Tax Office over the same periods. Administrative costs beyond the forward estimates are expected to be around \$2.8 million annually.⁶

Conduct of the inquiry

1.8 The Tax Laws Amendment (2009 Measures No. 1) Bill 2009 was introduced to the House of Representatives on 12 February 2009. On the same day, on the recommendation of the Senate Selection of Bills Committee (Report No. 2 of 2009), the bill was referred to the Senate Economics Committee for inquiry and report by 10 March 2009.

1.9 A number of stakeholders were directly invited to make submissions to the inquiry, and a general invitation was placed on the committee's website. The committee received four submissions (see Appendix 1). They can be found at http://www.aph.gov.au/senate/committee/economics_ctte/index.htm. The committee thanks submitters for their contributions.

4 See The Hon. Wayne Swan MP, 'Fairer means-testing of government support programs', *Media Release*, no 046, 13 May 2008, p 1, at <http://www.treasurer.gov.au/DisplayDocs.aspx?doc=pressreleases/2008/046.htm&pageID=003&min=wms&Year=&DocType=0>, accessed 2 March 2009; and 'Better targeting of the dependency tax offset', *Media Release* 047, 13 May 2008, p. 1, at <http://www.treasurer.gov.au/DisplayDocs.aspx?doc=pressreleases/2008/047.htm&pageID=003&min=wms&Year=&DocType=0>, accessed 2 March 2009.

5 Tax Laws Amendment (2009 Measures No. 1) Bill, Explanatory Memorandum, p 3, http://parlinfo.aph.gov.au/parlInfo/download/legislation/ems/r4047_ems_d143e0c8-5833-4aa3-86c5-02ffe9eecba6/upload_pdf/325973.pdf;fileType=application%2Fpdf, accessed 16 February 2008.

6 Tax Laws Amendment (2009 Measures No. 1) Bill, Explanatory Memorandum, p. 84.