



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

**NEW BUSINESS TAX SYSTEM (FORMER
SUBSIDIARY TAX IMPOSITION) BILL 1999**

Second Reading

SPEECH

Wednesday, 24 November 1999

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

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Questioner		Responder	
Speaker	Cox, David, MP	Question No.	

Mr COX (Kingston) (4.17 pm)—Before question time I was making the point that the Treasurer has been using the measure he describes as the 'common treatment of entities', which is a series of measures that we have not yet seen which are designed in substantial part to deal with tax evasion and avoidance using trusts, as something of a David Stockman style magic asterisk. First, these measures were presented in the original ANTS package before the election as a properly costed and documented set of measures that were going to raise a substantial amount of revenue. Then, when it came time to present the ANTS bills, they were in fact absent. They had been used to fund some of the tax cuts that were contained in the ANTS bills, but they were not present when the ANTS bills were dealt with. We were then told that they were going to be considered and dealt with in the context of the business tax review. Today we are debating business tax and it is no surprise to me that the common treatment of entities legislation is still not in the House and has been referred to in a schedule of a press release put out by the Treasurer on the second stage of the business tax reforms.

The opposition are somewhat apprehensive about this because we are aware of continual comment, particularly from the National Party, about their opposition to these measures. We are aware of newspaper reports of comments made in private meetings of the coalition by more eminent members of the coalition, such as the Parliamentary Secretary to Cabinet, Senator Heffernan, suggesting that some of the arguments that have been put by coalition members against these measures have value and deserve to be looked at. The opposition feels somewhat uncomfortable by being left in the lurch by being asked to pass the set of business tax measures that are here today without seeing that legislation. For that reason, I move:

That all words after "That" be omitted with a view to substituting the following words:

"whilst not declining to give the Bill a second reading, the House is of the opinion that the following points need to be noted in relation to the Government's claim that measures in the legislation currently before the House pay for themselves:

(1) there is serious doubt about the revenue estimates for the capital gains tax changes;

(2) there is a need for strong anti-avoidance legislation, and extra Taxation Office resources, to address potential tax avoidance resulting from the Government's capital gains tax proposals;

(3) in addition to the measures currently before the House there are billions of dollars of business tax revenue already counted in the forward estimates from the A New Tax System (ANTS) package, such as the taxing of trusts, which have still not been legislated; and

(4) the Government's announcement on stage 2 goes some way to meeting the revenue gap. However, there is insufficient detail to enable a conclusion that revenue neutrality has been met.

The Deputy Leader of the Opposition has advised me since question time that his discussions with the Treasurer have been continuing and that he has made some significant progress, although I understand that a conclusion has not been yet reached. I personally look forward to such a conclusion being reached and the Treasurer managing to come to a workable accommodation with the deputy leader on these bills.

Mr DEPUTY SPEAKER (Mr Jenkins)—Is the amendment seconded?

Mr Emerson—I second the amendment.