



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

**Tax Laws Amendment (2014
Measures No. 1) Bill 2014**

Second Reading

SPEECH

Thursday, 27 March 2014

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

Date Thursday, 27 March 2014
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Questioner
Speaker Ciobo, Steven, MP

Source House
Proof No
Responder
Question No.

Mr CIOBO (Moncrieff—Parliamentary Secretary to the Treasurer) (09:57): I move:

That this bill be now read a second time.

This bill amends various taxation laws to implement a range of improvements to Australia's tax laws.

Schedule 1 will improve the Farm Management Deposit scheme by amending the Banking Act 1959 and Income Tax Assessment Act 1997.

Farm management deposits allow farmers to save some of their income in good years without it being taxed, and then withdraw it in leaner years and pay tax on it when their marginal tax rate is lower. They are a financial risk management tool to help farmers protect themselves against the large income fluctuations that are often typical of primary production.

This legislation will make several improvements to the scheme to make it easier for farmers to use farm management deposits.

First, farmers will be able to earn more income from non-primary production sources before they are prevented from creating new farm management deposits. The non-primary production income ceiling will be raised from \$65,000 to \$100,000.

Second, individuals will be able to consolidate farm management deposits across financial institutions without adverse tax consequences. If a farmer chooses to combine multiple farm management deposits that they have held for at least 12 months into a single account, the amounts will not be included in their assessable income for that year, or affect their entitlement to make new farm management deposits in that year.

Finally, farm management deposits will be excluded from the unclaimed money provisions in the Banking Act 1959, to ensure that these accounts, which are intended to facilitate long-term savings, are not inadvertently paid to the Commonwealth as a result of a period of inactivity.

Schedule 2 to this bill amends the GST law to allow taxpayers to determine whether they are entitled to a refund by reference to objective conditions, rather than having to rely on the commissioner to exercise the discretion to refund an excess amount of GST.

The measure provides additional clarity for entities which may have overpaid GST and are seeking to claim refunds. The measure also aims to prevent taxpayers from receiving a windfall gain of overpaid GST and encourages suppliers to refund their customers any overpaid GST.

Schedule 2 also addresses a gap in the existing law relating to refunds associated with miscalculations of GST payable on a supply. Recently the Federal Court found that the restriction on paying a refund does not apply where GST is overpaid because of a miscalculation. The amendments provide that the refund provisions apply to overpayments of GST, irrespective of whether the overpayment arises as a result of a mischaracterisation or miscalculation of the GST payable.

The amendments apply only on a prospective basis from the date of commencement in order to minimise the uncertainty and compliance costs involved in the application of the amendments on a retrospective basis.

Schedule 2 also amends the Taxation Administration Act 1953 to give taxpayers review rights, both in relation to the commissioner's discretion to refund in exceptional circumstances, as well as to restore these rights under the existing refund provisions as a consequence of a recent decision of the Administrative Appeals Tribunal.

Full details of these measures are contained in the explanatory memorandum.

I commend the bill to the House.

Debate adjourned.