



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



THE SENATE

TAX LAWS AMENDMENT (PERSONAL INCOME TAX REDUCTION) BILL 2007

TAX LAWS AMENDMENT (2007 BUDGET MEASURES) BILL 2007

In Committee

SPEECH

Tuesday, 12 June 2007

BY AUTHORITY OF THE SENATE

SPEECH

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Questioner
Speaker Murray, Sen Andrew

Source Senate
Proof No
Responder
Question No.

Senator MURRAY (Western Australia) (1.25 pm)—If there is no more on the Tax Laws Amendment (2007 Budget Measures) Bill 2007—I am giving the opportunity for the shadow to raise matters if he has anything on that bill—I will go back to the Tax Laws Amendment (Personal Income Tax Reduction) Bill 2007. I move:

(1) Schedule 1, page 3 (after line 14), after item 4, insert:

4A At the end of Part I of Schedule 7

Add:

Indexation of the ordinary taxable income of the taxpayer in item 1

4. The amount of the ordinary taxable income of the taxpayer in item 1 of the table in clause 1 is indexed for each year of tax after the year of tax commencing on 1 July 2006 in accordance with the CPI indexation method as follows.

The amounts specified in item 1 of the table in clause 1 are to be increased by the indexation factor worked out using the following formula:

Sum of the index numbers for the CPI quarters for the 12 months ending on 31 March of the current year

Sum of the index numbers for the CPI quarters for the 12 months ending on 31 March of the previous year

where:

CPI quarter means a period of 3 months ending 31 March, 30 June, 30 September or 31 December.

index number means the All Groups Consumer Price Index number (being the weighted average of the 8 capital cities) published by the Australian Statistician.

The indexation factor is to be calculated to 3 decimal places, but increased by .001 if the 4th decimal place is more than 4.

Calculations:

(a) are to be made using only the index numbers published in terms of the most recently published reference base for the Consumer Price Index; and

(b) are to disregard index numbers that are published in substitution for previously published index numbers (except where the substituted numbers are published to take account of changes in the reference base).

If an amount worked out under the formula is not a multiple of \$5, the amount is to be rounded as follows:

(c) if the amount exceeds the nearest lower multiple of \$5 by \$2.50 or more—round the amount up to the nearest higher multiple of \$5;

(d) in any other case—round the amount down to the nearest lower multiple of \$5.

Indexed amounts for each year of tax must be notified in the *Gazette* before the commencement of that year.

There is an explanatory memorandum accompanying that. I have motivated that amendment in my speech during the second reading debate. Unless there are particular questions from the shadow or the minister, I propose to just move it on that basis.