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[Pages one to three been removed under s47C, s47E(d), S34,]

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[This section has been removed under s47E(d)]

Tax System Advisory Board

The Commissioner has significant concerns about a proposal to introduce a Tax System Advisory Board as part of the governance arrangements for the tax system.

[This section has been removed under s47E(d)]

A Discussion Paper canvassing options on how to set up the Board was released on 21 January and comments are due 11 March.

[This section has been removed under s47E(d)]

Board of Tax

As Secretary to the Treasury you will be an ex-officio member of the Board of Taxation. You may wish to include as part of your intended liaison a discussion with the Chairman of the Board. From 1 March 2011 Chris Jordan will be the acting Chairman of the Board following Dick Warburton's retirement from the Board at the end of February 2011.

There are currently no contentious issues with the Board. Below is a short background on the Board's functions, membership and current activities.

Background

The Board is a non-statutory body established in August 2000 to advise the Treasurer on the quality and effectiveness of tax legislation, the processes for its development, and other aspects of tax

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design. Under its Charter, the Board also advises on improvements to the general integrity and functioning of the tax system.

The Board's mission is to contribute a business and broader community perspective to improving the design of taxation laws and their operation. Board members, including the Chairman and Deputy Chairman, are appointed by the Treasurer on the basis of their personal capacity.

The Secretary to the Department of the Treasury, the Commissioner of Taxation and the First Parliamentary Counsel are ex-officio members of the Board. Each of them may be represented by a delegate.

Current Board members are Dick Warburton AO (Chairman), Chris Jordan AO (Deputy Chairman), Annabelle Chaplain, John Emerson AM, Keith James, Elizabeth Jameson, Curt Rendall, Ken Henry AC, Mike D'Ascenzo and Peter Quiggin PSM.

The Board meets once a month, alternating mainly between Canberra, Sydney and Melbourne, with one or two meetings in other cities (this year there will be a meeting in Brisbane in July and another one in Perth in October).

The Secretary to the Treasury has attended Board meetings whenever allowed by other commitments. If not attending, the Secretary has been represented by the Executive Director for Revenue Group or, on occasions, by the General Manager of Business Tax Division.

The Board consults widely and works closely with Treasury and the ATO. To date, in relation to the reports that government has responded to, around 90 per cent of the Board's recommendations have been accepted and implemented either in part or in full. It is usual practice for Board's reports to have an indication that the ex-officio members of the Board reserve their final views on the issues canvassed in the reports for advice to Government.

Current reviews undertaken by the Board are

- A post-implementation review into certain aspects of the consolidation regime, with an expected reporting date of June 2011;
- A review of the taxation treatment of collective investment vehicles, with a reporting date by the end of 2011 (except the venture capital limited partnership component of the review, which the Assistant Treasurer has asked be brought forward to June 2011);
- A review of the taxation treatment of Islamic finance products, with a reporting date of June 2011; and
- A post-implementation review of the Tax Design Review Panel recommendations, with an expected reporting date of June 2011.

The Government announced, as part of its response to the Henry review, that it would boost and reshape the role of the Board, empowering to initiate its own reviews to examine how current tax policies and laws were operating.

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