Document 10

From:
Sent: Tuesday, 12 June 2012 6:46 PM
To:
Cc:
Subject: FW: Allens report for Property Council

Hi here were some suggestions.

From:
Sent: Tuesday, 12 June 2012 6:34 PM
To:
Cc:
Subject: RE: Allens report for Property Council

Some annotated suggestions in the attachment.

From:
Sent: Tuesday, 12 June 2012 3:04 PM
To:
Subject: Re: Allens report for Property Council

Thanks much appreciated.

From:
Sent: Tuesday, June 12, 2012 03:01 PM
To:
Cc:
Subject: FW: Allens report for Property Council

in absence if you're able to add anything to comments I'm sure he would appreciate knowing. Cheers

General Manager

Macroeconomic Modelling Division
The Treasury, Langton Crescent, Parkes ACT 2600
phone:
mobile:
fax:
email:

From:
Sent: Tuesday, 12 June 2012 2:17 PM

To:
Cc:
Subject: FW: Allens report for Property Council

– Grateful for any comments.

From:
Sent: Tuesday, 12 June 2012 10:11 AM
To:
Cc:
Subject: RE: Allens report for Property Council

Thanks

Please also speak with and before sending up the EM.

Cheers,

From:
Sent: Tuesday, 12 June 2012 9:37 AM
To:
Cc:
Subject: Allens report for Property Council

Attached is the Allens report for the Property Council from today's paper.

We will prepare an EM on it as soon as possible, but on a quick viewing it falls short of what you would need to do to assess this properly.

As we see it, there are two broad problems with the methodology.

General – It looks at the macroeconomic impact of a tax increase without considering how other levers would adjust to keep the economy fully employed (eg, exchange rate, interest rates). So if you used this analysis everu spending cut/tax increase would be bad for the economy (and vice versa).

Specific – There looks to be a problem with how they have translated the MIT WHT to their CGE model, in that they have assumed it is the same as a general increase in tax on capital (ie, they appear to have modelled it as an increase in the corporate tax rate). This suggests that Allens have not been advised that MIT WHT primarily affects one/two sectors (real estate development, managed funds sector) and that it only applies to a particular type of income (rental income and capital gains from real property).

TREASURY EXECUTIVE MINUTE

Minute No.

12 June 2012

Deputy Prime Minister and Treasurer

cc: Assistant Treasurer, Minister Assisting for Deregulation
Minister for Financial Services and Superannuation

MANAGED INVESTMENT TRUST FINAL WITHHOLDING TAX BUDGET MEASURE: ANALYSIS OF ALLENS CONSULTING DRAFT REPORT *SMALL CHANGE, BIG IMPACT*

Timing: This draft report was part of a submission to a House of Representatives Committee that is due to report by [18 June 2012].

Recommendation: We recommend that you:

- Note that we consider that the draft report prepared by Allens Consulting for the Property Council of Australia is deeply flawed.

Noted Signature: .... …../…../2012

Section 22

Section 22

Section 22

- Yet another problem with the modelling is that some investors may choose to switch investment vehicles (ie not use trusts) rather than discontinuing investment in Australia.

Formatted: Dash

Section 22

Section 22

: Under standard MMRF assumptions, any initial reduction in employment leads over time to lower real wages, which restore employment over time.~~If it was expected that a measure had an enduring negative effect on productivity, this would instead be expected to be reflected in a reduction in equilibrium real wages.~~

Section 22

Contact Officer: Ext:

General Manager
International Tax and Treaties Division

ADDITIONAL INFORMATION