

TREASURY EXECUTIVE MINUTE

Minute No.

10 January 2011

Deputy Prime Minister and Treasurer

cc: Assistant Treasurer and Minister for
Financial Services and Superannuation

TAX TREATMENT OF QUEENSLAND FLOOD BUSINESS ASSISTANCE GRANTS

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- Exempting the grant payments from income tax would involve a cost to revenue, and would be subject to the Government's fiscal rules.
 - The impact of exempting the grants from income tax has not been formally costed. The exemption for the approximately 2,500 Clean-up and Restoration Grant recipients was estimated to cost around \$6.9 million. The Queensland Government estimates that there will be approximately 8,000 applicants for these flood assistance grants.
- Similar grants are being made to flood-affected businesses in New South Wales and Western Australia and there would be pressure to extend any tax exemption to these States, which would increase fiscal costs.
 - For example, there has already been pressure that is likely to result in Western Australia matching the Queensland level of maximum payment (an increase from \$15,000 to \$25,000).

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A/g Manager
Industry Tax Policy Unit

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