

## GREENS AMENDMENTS

### Minerals Resource Rent Tax Bill 2011 – Company tax rate cut

#### Text of Amendment

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That the general company tax rate cut not be proceeded with, but that consideration be given to providing more benefits for small business.

#### Talking Points

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- The Government **does not** support this amendment.
- Cutting the company tax rate will help Australian businesses right across the economy, including many businesses that are not in the mining boom fast lane and face challenges such as those flowing from the higher Australian dollar.
- Cutting the company tax rate will increase productivity, promote broad-based economic growth and encourage more investment and jobs across Australia's entire economy.

#### Background

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##### *Current Treatment under the MRRT*

In conjunction with the introduction of the MRRT, the company tax rate is to be cut from 30 per cent to 29 per cent from the 2013-14 income year. For small business companies, the 29 per cent rate will also apply in the 2012-13 income year.

Draft legislation for these changes was released for information on 14 March 2012. The legislation is scheduled to be introduced in the Winter parliamentary sitting period.

## **DRAFTING ISSUES**

### **Minerals Resource Rent Tax Bill 2011 – Company tax rate cut**

#### **Effectiveness**

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If legislation to implement the company tax rate cut is not proceeded with, the company tax rate will remain at 30 per cent.

If cut to the company tax rate cut is limited to small business companies, the draft legislation will need to be modified accordingly.

#### **Problems**

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Business groups strongly oppose the recommendation.

Limiting the company tax rate cut to small business companies will add complexity to the business tax system and reduce the integrity of the system by creating arbitrage opportunities.

#### **Solutions**

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None.