

From: [Benjamin Mitra-Kahn](#)
To: [Bultitude, Susan](#); s 22
Cc: s 22
Subject: RE: Feedback on the Pillar 1 interim report [SEC=OFFICIAL]
Date: Tuesday, 29 July 2025 2:40:33 PM
Attachments: [image001.png](#)

OFFICIAL

OFFICIAL

Hi Susan and s 22 ,

Thank you for the follow-up email and your considered feedback on the draft. We really appreciate the ongoing engagement and on many of the points we are in agreement with you. We have worked through the report and made adjustments to the language as you have suggested, to provide additional clarity on our reform proposal. We are checking in with s 22 today, and hopefully we will have his response soon. I am hoping that the conversation today also clarified the linkage between the CFT and CIT, and why we don't think the rates are 'additive'.

There are three areas that we wanted to respond to specifically, where we are landing in a different place:

1. "It is not clear to us that a CFT would be significantly simpler to implement than an ACE, especially as the latter is a deduction under the existing tax rather than a whole new tax"

Response: Our conversations to date have led us to conclude that a CFT as proposed would be simpler to introduce and administer than an ACE. We will continue to engage with businesses and the ATO on this point, but the available evidence has led us to this conclusion, at this point in time.

2. There are some inconsistencies between the discussion of an ACE and the discussion of the CFT. Both of them require having the correct 'normal' rate of return to appropriately target rents vs normal profits. The risk of choosing the 'wrong' rate is highlighted for the ACE but not the CFT

Response: We believe the risk is appropriately balanced as our proposal partly mitigates the risk of choosing the 'wrong' rate, relative to if we added an ACE into the system. A key feature of our proposal is the ability to deduct the CFT losses from the CIT liability. Even in the long-term vision, we propose retaining a CIT base for all companies. This reduces the reliance on the uplift rate, as the losses under the CFT are more likely to be immediately deducted, as there will be a positive tax base (the CIT base) from which to make the deduction.

s 22



Thank you again for taking the time to read the report and provide feedback.

Regards,
Ben

Benjamin Mitra-Kahn He/Him | Assistant Commissioner | Inquiries and Research | p. 03 9653 2274 | m. **s 22**
[Schedule a meeting](#) | [Chat on Teams](#)

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From: Bultitude, Susan <Susan.Bultitude@TREASURY.GOV.AU>
Sent: Monday, 28 July 2025 4:55 PM
To: **s 22** @pc.gov.au; **s 22** **s 22** @treasury.gov.au; Benjamin Mitra-Kahn <benjamin.mitra-kahn@pc.gov.au>; **s 22** @pc.gov.au
Cc: **s 22** @TREASURY.GOV.AU>
Subject: Re: Feedback on the Pillar 1 interim report [SEC=OFFICIAL]

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Hi **s 22**

s 22

It sounds like he and Alex had a chat about the 'additivity' of the CFT against the CIT, with Alex arguing that you can't just add them because the CFT liability is deducted against the CIT liability. Is this consistent with your understanding? I don't think it is quite expressed this way in the paper eg some of the worked examples.

s 22

Susan

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From: S 22 <[REDACTED]@pc.gov.au>
Sent: Thursday, July 24, 2025 7:53:32 PM
To: S 22 <[REDACTED]@treasury.gov.au>; Mitra-Kahn, Benjamin (Productivity Commission - Unclassified DLM) <Benjamin.Mitra-Kahn@pc.gov.au>; S 22 <[REDACTED]@pc.gov.au>
Cc: Bultitude, Susan <Susan.Bultitude@TREASURY.GOV.AU>; S 22 <[REDACTED]@TREASURY.GOV.AU>
Subject: RE: Feedback on the Pillar 1 interim report [SEC=OFFICIAL]

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Hi S 22

S 22

Thanks also for reviewing paper, and for offering those thoughtful comments. We'll review them as a team and come back to you.

S 22

Thanks again, and looking forward to talking further soon,

S 22

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From: S 22 <[REDACTED]@treasury.gov.au>
Sent: Thursday, 24 July 2025 5:55 PM
To: Benjamin Mitra-Kahn <benjamin.mitra-kahn@pc.gov.au>; S 22 <[REDACTED]@pc.gov.au>; S 22 <[REDACTED]@pc.gov.au>
Cc: Bultitude, Susan <Susan.Bultitude@TREASURY.GOV.AU>; S 22 <[REDACTED]@TREASURY.GOV.AU>
Subject: Feedback on the Pillar 1 interim report [SEC=OFFICIAL]

Some people who received this message don't often get email from S 22 <[REDACTED]@treasury.gov.au>. [Learn why this is important](#)

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H § 22 Ben and § 22

Thanks for the ongoing consultation and dialogue in respect of the PC's work. We have read through the Pillar 1 interim report. Well done to the whole team – it is an impressive piece of work and you have explained some quite complex tax ideas in an accessible way. We also appreciated the chance to hear from § 22 on the modelling yesterday. In reading through the report, we noted some instances where sections or phrases read on their own could be read differently to if they are in the broader context of the document or could be otherwise misinterpreted. We have set these out below along with some other comments for your consideration. Happy to discuss if it would assist.

Regards

§ 22



- References to the CFT 'allowing companies to deduct their investment costs in full' (e.g. p5, p7) could make it clear this deduction is just within the new CFT, not against the existing CIT – otherwise they risk being misinterpreted as some form of full expensing. Similarly 'any losses can be used to offset company income tax liabilities' (eg p7, p23) should make it clear this is referring to CFT losses (i.e. the 5% of the net negative cash flow).
- References to the CFT suggesting that it 'better supports new investment' (e.g. p12, p13, p14, p21) could make it clearer that a CFT doesn't by itself support new investment, it just provides a lower disincentive to invest than the existing CIT. So it is replacing CIT with CFT that supports new investment, not the CFT itself.

§ 22



- International comparisons (p18-19) – could consider whether the 'sticker price' that taxpayers would look at after these reforms would be the CIT+CFT rate (i.e. 25% for

firms up to \$1b turnover and 35% for firms above \$1b turnover). Figure 1.4 potential to be misleading as cash flow tax not included in statutory rate. Is it possible that the OECD would report 25% as the statutory rate for small and medium-sized companies (and 35% overall)?

- Page 19 – ‘overall the new tax will incentivise new capital expenditure across all firm sizes’ – would this be more accurate to say it would incentivise new capital expenditure across the economy (driven by higher expenditure by firms below \$1b turnover)?
- Page 23, page 25 – ‘the net cashflow tax is administratively simple’ is likely to understate the level of complexity of transitioning to the new regime. While it uses existing tax and accounting concepts, introducing a new tax will require systems changes for the ATO and for taxpayers and a range of new rules (e.g. integrity rules) will likely be required. Because it will operate in parallel to the CIT, there are no simplification benefits (as implied by the text). It is not clear to us that a CFT would be significantly simpler to implement than an ACE, especially as the latter is a deduction under the existing tax rather than a whole new tax.
- Comparing the CFT to the PRRT could invite some comments. PRRT legislation and administration is viewed as complex even allowing for the complexities associated with ring-fencing and associated domestic transfer pricing.
- There are some inconsistencies between the discussion of an ACE and the discussion of the CFT. Both of them require having the correct ‘normal’ rate of return to appropriately target rents vs normal profits. The risk of choosing the ‘wrong’ rate is highlighted for the ACE but not the CFT.

s 22

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From: [Benjamin Mitra-Kahn](#)
To: [Bultitude, Susan](#); s 22
Cc: [Richards, Oliver](#); s 22 ; [Robinson, Marty](#); s 22
Subject: RE: Corporate Tax - next steps [SEC=OFFICIAL]
Date: Friday, 12 September 2025 2:35:56 PM
Attachments: [image001.png](#)

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Hi Susan,

Thank you for reaching out, and for the ongoing conversation.

s 22



In terms of the modelling, s 22 is working through the model design and build at present, and I don't think we have a fixed date on when scenarios need to be locked in with him – it is more a matter of ensuring that the dynamic model is capable of folding in the right complexities. I think we will have the parameters to explore the s 22 CFT proposals we have heard – but open to any details you think are important to incorporate in the modelling frame.

s 22



Best
Ben

Benjamin Mitra-Kahn He/Him | Assistant Commissioner | Inquiries and Research | p. 03 9653 2274 | s 22
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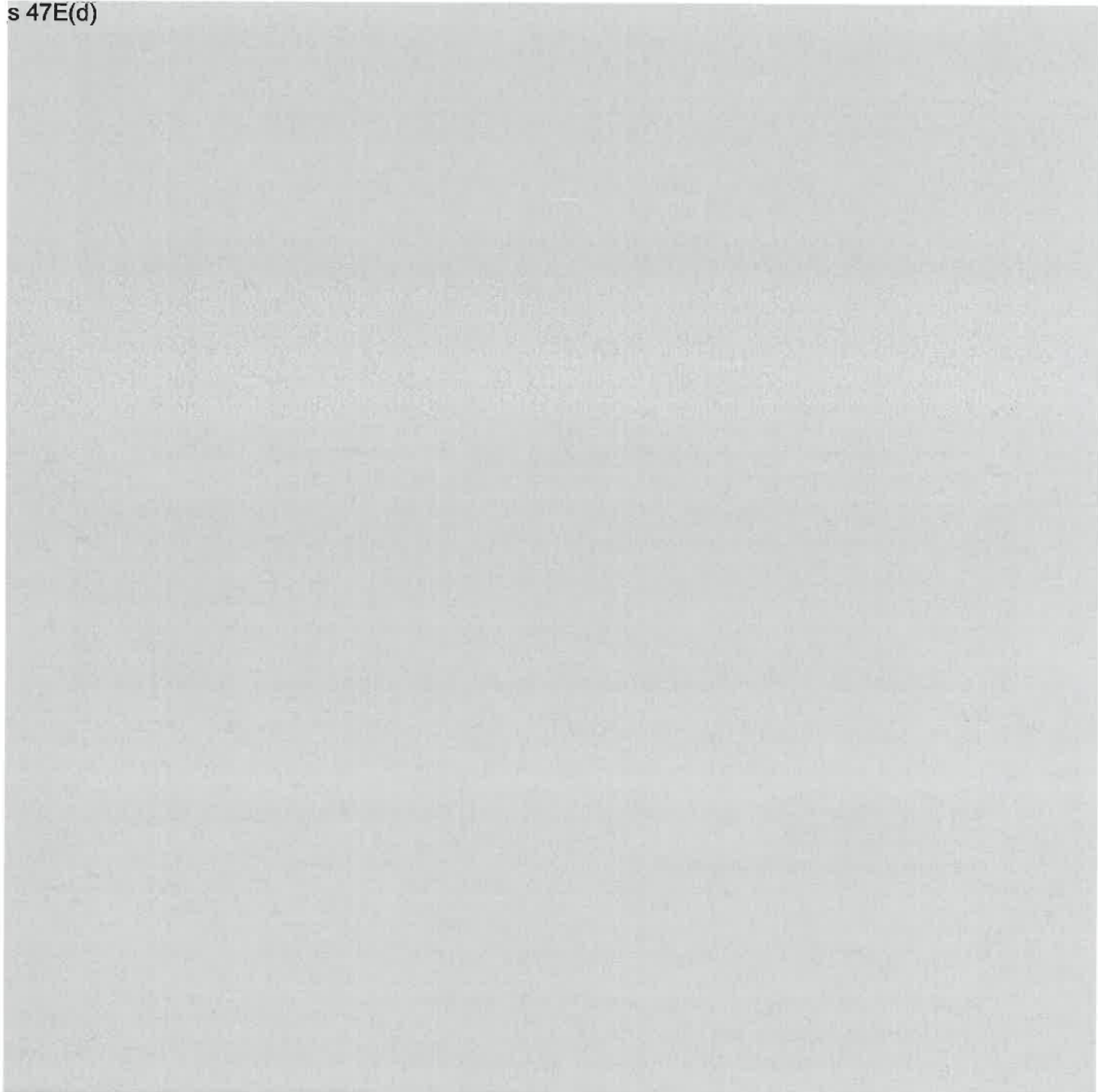
From: Bultitude, Susan <Susan.Bultitude@TREASURY.GOV.AU>
Sent: Thursday, 11 September 2025 11:55 AM

To: S 22 [REDACTED]@pc.gov.au; Benjamin Mitra-Kahn <benjamin.mitra-kahn@pc.gov.au>
Cc: Richards, Oliver <Oliver.Richards@TREASURY.GOV.AU>; S 22 [REDACTED]
[REDACTED]@treasury.gov.au; S 22 [REDACTED]@TREASURY.GOV.AU; Robinson, Marty <Marty.Robinson@TREASURY.GOV.AU>; S 22 [REDACTED]@pc.gov.au
Subject: Corporate Tax - next steps [SEC=OFFICIAL]

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s 47E(d)



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From: s 22
To: [Richards, Oliver](#)
Subject: Workshop slidepack [SEC=OFFICIAL]
Date: Wednesday, 1 October 2025 8:12:00 AM
Attachments: [image001.png](#)
[image002.png](#)
[image003.png](#)
[image004.png](#)
[Treasury-PC-ATO Workshop 29092025.pptx](#)

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As requested.

s 22
Inq & Res / Pub Pol Mgr | Productivity

Productivity Commission

Ngunnawal Country

4 National Circuit, Barton ACT 2600

p. s 22

pc.gov.au



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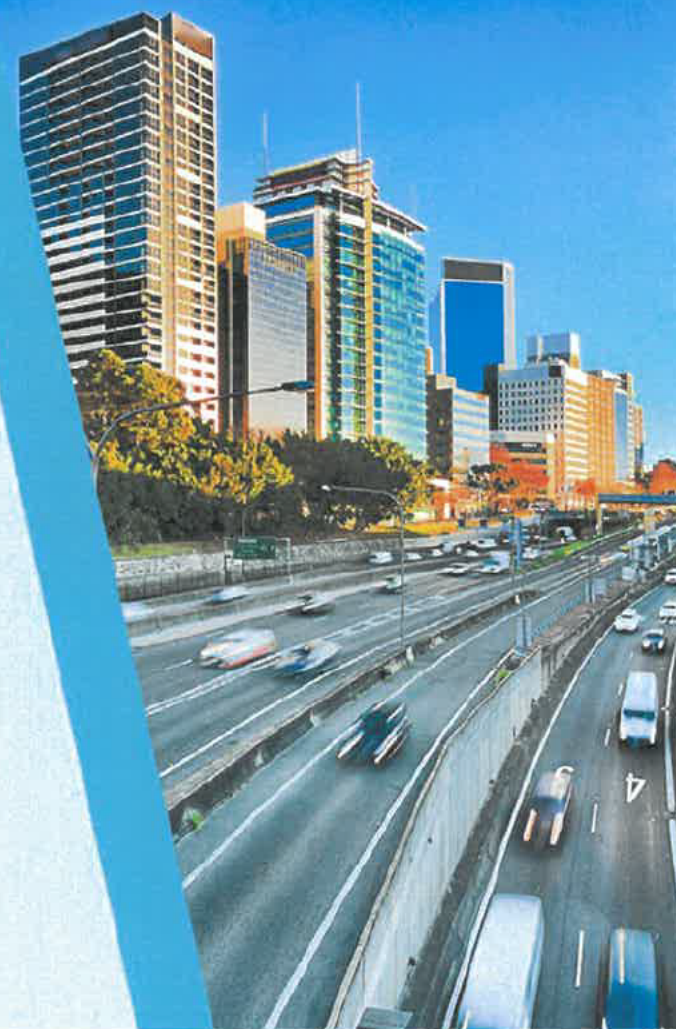


Australian Government
Productivity Commission

Workshop: Implementation challenges with different taxes

30 September 2025

pc.gov.au





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Agenda

s 22



3. Discussion: the implementation challenges
 - i. CIT/CFT hybrid models

s 22





Framing the discussion: the options under consideration


Three broad options under consideration

1 CIT/CFT hybrid

s 22

Company income tax/cash flow tax hybrid

- Cut the corporate income tax (CIT) rate to 20% for companies earning up to \$1 billion. Maintain the 30% rate for companies earning above \$1 billion.
- Introduce a net cash flow tax (NCT) of 5%.
 - The NCT operates as the CIT while fully deducting depreciating and non-depreciating capital, excluding interest deductibility, and uplifting losses at the long-term bond rate.
- The financial sector is incorporated by leveraging reporting requirements of APRA-regulated companies. Scope to expand inclusion by taxing net-positive interest for companies not regulated by APRA.
- To tax rents appropriately, deduct the CIT as an expense on the NCT tax base before calculating the NCT.



Discussion: the implementation challenges

Implementation considerations

A description of the important implementation considerations is below

Administrative considerations

Item	Description
Financial sector	How to apply the tax to the financial sector
Starting balance	An initial deduction based upon previous investment choices
Sequencing	Sequencing of multiple taxes when calculating deductions
Identifying new equity	Ensuring only new equity receives a deduction for normal returns
Alterations to income reporting	Changes to reporting requirements under the current income tax form
Thresholds	Minimising the distortionary impacts of a threshold

Conceptual considerations

Item	Description
Dividend imputation	Should the rules for dividend imputation change?
Uplift rate/s 22	What should the uplift rate on losses be? What should the 'normal' return on equity be?

Questions

To help the discussion, consider the following questions when considering the implementation challenges on the next slide:

1. What are the legal issues?
2. What are the changes and impacts for the ATO's function?
3. What are the changes and impacts for taxpayers?
4. What are the broader interactions with other parts of the tax system?

Implementation considerations

Below is an initial summary of the implementation implications for each option. A tick implies there are significant implications (and requires further discussion); the cross implies minor or no implications

Administrative considerations

	CIT/CFT hybrid
Financial sector	✓
Starting balance	✓
Sequencing	✓
Identifying new equity	✗
Alterations to income reporting	✓
Thresholds	✓

Conceptual considerations

	CIT/CFT hybrid
Dividend imputation	✓
Uplift rates	✓

s 22

From: [Jeremy Hirschhorn](#)
To: [Brown, Diane](#)
Subject: s 22 [SEC=PROTECTED]
Date: Thursday, 23 October 2025 10:28:02 AM

s 22

Diane,

s 22

thought you might find useful this internal email I sent to the team following our PC meeting

Of course, very happy to discuss!

JH

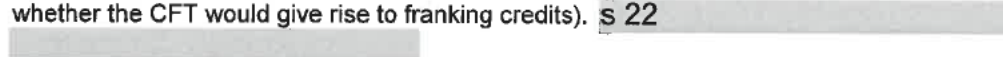
The discussion was about the cash flow tax proposal, noting that there were two major pushbacks from the business community – one, that it was a new tax on large companies (which is really a big P policy tax mix question, and probably driven from the PC wanting the corporate package to be self-funding), but the other being that a new tax is hard given it introduces a whole range of new things to consider.

s 22

s 22

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We had some discussion also about franking credits (one of the concerns raised with the PC was whether the CFT would give rise to franking credits). s 22

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s 22

A large rectangular area of the document is redacted with a solid grey block.

From: [Billson, Bruce](#)
To: s 22
[Michael Morton](#); [Auxilia Leene](#); [Angela Allen](#); s 22
[beutel](#)
[Kobyn](#); s 22
Cc: s 22 [Latham, Craig](#); [Storer, Aidan](#); s 22
Subject: ASBFEO Quarterly Report | Q3 2025 [SEC=OFFICIAL]
Date: Friday, 31 October 2025 3:33:32 PM
Attachments: [ASBFEO Quarterly Report - Q3 - July to September 2025.pdf](#)
[image001.png](#)
[image005.png](#)
[image003.png](#)

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Hi valued Colleagues

I am pleased to provide you with a copy of our latest Quarterly Report which provides an overview of our advocacy, assistance, communication and stakeholder engagement activities. The Report is also available on our website [ASBFEO Quarterly Report - Q3 - July to September 2025.pdf](#)

s 22



s 22 . We have provided submissions to a range of consultations including the s 22 , the Productivity Commission's Five Pillars of Productivity and the s 22

s 22



Warm regards

Bruce

The Hon Bruce Billson

Ombudsman

Australian Small Business and Family Enterprise Ombudsman

Ms 22

Our mission is to ensure Australia is the best place to start, grow or transform a business

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From: [SBSG](#)
To: [SBSG](#)
Subject: Small Business Stewardship Group | Meeting papers | Thursday, 6 November 2025 [SEC=OFFICIAL]
Date: Tuesday, 4 November 2025 8:34:22 AM
Attachments: [SBSG Nov meeting pack.pdf](#)

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Small Business Stewardship Group | 6 November | Meeting papers

Members and attendees,

Please find attached the meeting papers for the Small Business Stewardship Group meeting scheduled for **Thursday, 6 November 2025**.

Agenda and meeting papers

Meeting link: s 22




As always if there are any issues or concerns in the lead up to the meeting, please do not hesitate to contact me direct or email the [SBSG mailbox](#).

Regards

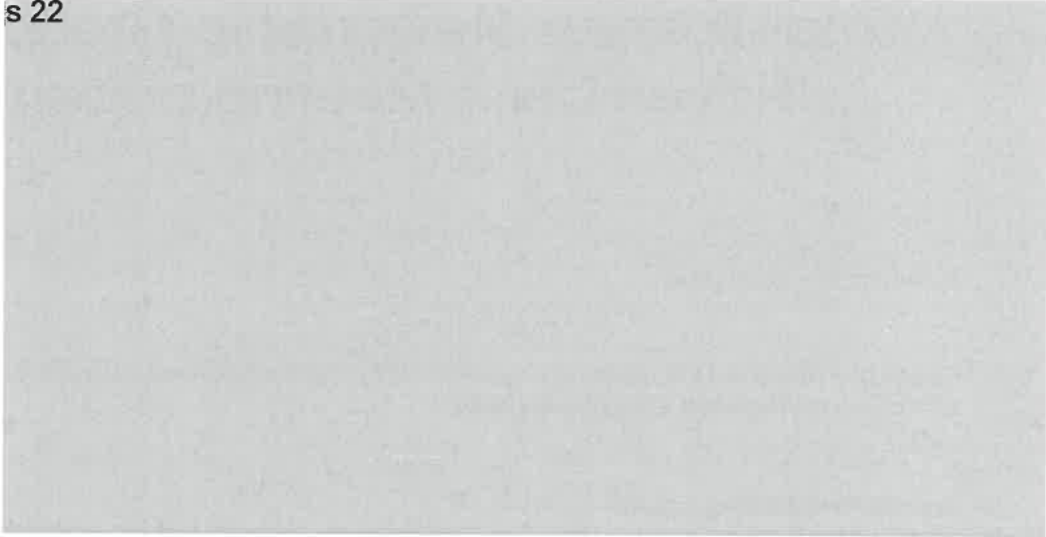
s 22



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Small Business Stewardship Group | Agenda

Venue:	s 22 		
Event date:	Thursday, 6 November 2025	Start: 9:30am (AEST)	Finish: 1:00pm (AEST)

Co-chairs: **The Hon Bruce Billson**, Australian Small Business and Family Enterprise Ombudsman
Michael Morton, a/g Deputy Commissioner, Small Business, ATO

s 22

Attendees:

Organisation	Name
Australian Taxation Office	Rowan Fox , a/g Deputy Commissioner, Individuals and Intermediaries
	Ben Kelly , Deputy Commissioner, Superannuation and Employer Obligations
	Anna Longley , Deputy Commissioner, Frontline Risk and Strategy
Treasury	Anthony Seebach , Small and Family Business Division
	Richard Maher , First Assistant Secretary Personal and Small Business Tax Branch

s 22

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Small Business Stewardship Group | 6 November 2025

Advisors:


Organisation	Name
Australian Taxation Office	Angela Allen , Assistant Commissioner, Small Business Experience
	Tony Poulakis , Assistant Commissioner, Case and Technical Leadership
	Kath Philp , Assistant Commissioner, Marketing and Communication
	Natasha Sekulic , Assistant Commissioner, Frontline Risk and Strategy

Guest attendees:

Organisation	Name	Agenda item
Australia Taxation Office	Anita Challen , Assistant Commissioner, Frontline Risk and Strategy	4
	Anthony Marvello , Assistant Commissioner, Intelligence and Evaluation	5
	Tony Goding , Assistant Commissioner, Shadow Economy Program and Third-Party Reporting	5
	Usha Narain , Assistant Commissioner, Payday Super Implementation	6
	Rebecca Saint , Deputy Commissioner, Litigation and Legal Services	7
	Andrew Orme , Deputy Commissioner, Objections and Review	7
	Cassandra Franklin , Assistant Commissioner, Litigation and Legal Services	7

Apologies:

Organisation	Name
s 22	
Australia Taxation Office	Elissa Walker

Item.	Time	Topic	Presented by
s 22			
8. 	12:40pm to 12:50pm (10 minutes)	Agency update <ul style="list-style-type: none"> • ASBFEO update • Treasury update • ATO update 	Agency representatives



Australian Government
Australian Taxation Office

Agenda item: 8

Agency update

Facilitator

Bruce Billson, Australian Small Business and Family Enterprise Ombudsman ([SBSG co-chair](#))

Papers

- Treasury update
- ATO update
- ASBFEO update



ASBFEO Report – October 2025

SBSG

s 22

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Productivity Commission five pillars of productivity inquiries

In September, the ASBFEO made a submission to the Productivity Commission's (PC) five pillars of productivity inquiries' interim reports. The paper followed on from the PC's May 2025 Productivity Pitch, where we encouraged the PC to look at ways to support investment in emerging businesses, support small businesses to harness digital opportunities and help improve the resilience to natural disasters and climate change.

We raised the following key points in our submission:

- We cautioned that introducing a net cash flow tax would effectively create a third tax alongside the existing GST and Corporate Income Tax. s 22

s 22