

Labor policy

- In his 11 May 2017 Budget reply speech, the Opposition leader stated a Labor Government will cap the amount individuals can deduct for the management of their tax affairs at \$3000.
 - Labor claims the cap would affect fewer than 1 in 100 taxpayers and will save the budget \$1.3 billion over the medium-term.

Pages 1-3 are
outside the scope
of the request and
have not been
provided.

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From: s 22
Sent: Friday, 12 May 2017 12:55 PM
To: RG TAD SES
Cc: s 22; Jeremenko, Robert; s 22; Purvis-Smith, Marisa; Fraser, Bede; s 22
Subject: Cost of managing tax affairs - MRFS request to ATO [DLM=For-Official-Use-Only]

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A proposal to limit this deduction was in the Opposition Leader's speech last night.

The ATO is going to send us a copy of the response they provide.

Happy to discuss.

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FOR OFFICIAL USE ONLY

AMT participation in the National Press Club PwC Connect event — Thursday 14
September

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Relevant Labor policies

- In his 11 May 2017 Budget reply speech, the Opposition leader stated a Labor Government will cap the amount individuals can deduct for the management of their tax affairs at \$3000.
 - Labor claims the cap would affect fewer than 1 in 100 taxpayers and will save the budget \$1.3 billion over the medium-term.

Defensive points

- Deductions for the cost of managing tax affairs extend beyond payments to accountants and lawyers. They include (but are not limited to):
 - fees paid to tax advisers;
 - the cost of court appeals; and
 - interest charges imposed by the ATO as a result of compliance activity.

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Background

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From: Fraser, Bede
Sent: Friday, 28 July 2017 5:45 PM
To: s 22
Cc:
Subject: Re: Deductions for the cost of managing tax affairs [DLM=For-Official-Use-Only]

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Sent from my iPad

On 28 Jul 2017, at 3:29 pm, s 22 <[redacted]@treasury.gov.au> wrote:

Bede

s 22



- Current ALP policy (announced in the 2017 Budget Reply speech) is to cap deductions for the cost of managing tax affairs at \$3000.
 - In the lead up to the 2016 election the ALP committed to place a cap of \$5000 on the deduction individuals could claim for the cost of managing tax affairs.

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Individuals & Indirect Tax Division
The Treasury, Langton Crescent, Parkes ACT 2600
phone: s 22
email: s 22 <[redacted]@treasury.gov.au>

s 22

s 22

From: s 22 <[redacted]@treasury.gov.au>
Sent: Tuesday, 29 August 2017 9:09 AM
s 22
Subject: Capping deductions for managing tax affairs [DLM=For-Official-Use-Only]

Hi s 22

Following up on our discussion earlier and to give you a better idea of what options we are considering and hope to get your input on:

1. \$3,000 cap on the amount that individuals can deduct under the cost of managing tax affairs label from 1 July 2018,
 - Attached is the PBO costing of a policy capping deductions at \$5,000 under this label, this was undertaken prior to the last election by the PBO for the ALP, as we understand it, the current ALP policy is similar but at a lower cap.

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Happy to discuss

Regards

s 22

Graduate | Personal Tax and Transfers Unit

Tax Analysis Division

✉ The Treasury, Langton Crescent PARKES ACT 2600

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✉ s 22 <[redacted]@treasury.gov.au>

Pages 1-2 are outside the scope of the request and have not been provided

s 22

From: s 22
Sent: Monday, 11 September 2017 10:26 AM
To: s 22
Subject: FW: Treasury Daily Briefing Monday 11 September 2017 [SEC=PROTECTED]

For info.

s 22

Manager | Individuals Tax Unit
Individuals and Indirect Tax Division
The Treasury
s 22 @treasury.gov.au

From: s 22
Sent: Monday, 11 September 2017 8:28 AM
To: RG TAD Personal Tax and Transfers Unit
Cc: s 22 Ewing, Robert; Beer, Gillian
Subject: FW: Treasury Daily Briefing Monday 11 September 2017 [SEC=PROTECTED]

Morning all,

We haven't received any briefing requests but there is an article on the \$3000 tax agent cap. s 22
s 22 could you look into the costing and distributional analysis of the when you get in (copied below)?

Thanks ☺

Shorten faces fight over \$3000 tax agent cap

[Australian Financial Review, General News, 11/09/17, Joanna Mather, page 8](#)

Labor faces revolt from a large section of the white-collar workforce in the lead-up to the next election over plans to limit to \$3000 the amount claimable for getting your tax return done. Individuals, self-managed superannuation funds, trusts and partnerships will be subject to the cap, which Opposition Leader Bill Shorten says will stop 'clever' advisers whittling the tax bills of their wealthy clients down to zero.

Mr Shorten's cap will increase tax revenue by \$1.8 billion over a decade. There will be a carve-out for small businesses with turnover of up to \$2 million. Overall, 1 per cent of taxpayers or 90,000 individuals would be affected.

Analysis by The Australia Institute, which strongly supports Labor's policy, says the average deduction is \$378.

But higher income earners tend to deduct more. People with gross income of between \$180,001 and \$250,000 deducted on average \$832 for managing their tax affairs in 2014-15, rising to \$12,657 for people earning more than a million dollars, the analysis found. And nine of the 10 electorates where deductions were highest were held by Liberals.

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From: s 22
Sent: Tuesday, 12 September 2017 12:37 PM
To: s 22
Cc: s 22, Fraser, Bede
Subject: RE: Due today - Request for briefing for the AMT - Press Club Panel [DLM=For-Official-Use-Only]

Hi

I pulled together a draft one pager on WREs / COMTA. [AMT National Press Club PwC Connect event WRE+COMTA.docx](#)

I'm conscious I may have left things out in an effort to keep to one page. Welcome any comments.

Thanks

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From: s 22
Sent: Tuesday, 12 September 2017 10:48 AM
s 22
Fraser, Bede
Subject: Due today - Request for briefing for the AMT - Press Club Panel [DLM=For-Official-Use-Only]
Importance: High

Hi Everyone,

The AMT will be a panel member at the National Press Club on Thursday, 14 September 2017. The panel is part of the PwC Connect event and we understand the session will explore the strategic direction of Australia's taxation system, which is inevitably linked to our economic prosperity and affordability of our desired standard of living.

The AMT's office has requested some talking points covering off major topics dealing with tax mix and system efficiency as well as appropriate points on the charity sector.

We've identified the list of topics below. We request about one page of talking points for each of the topics below. The talking points should outline the current Government's policies and points to address major topical issues or matters that may arise. Andrew Leigh is on the panel so please outline any Labor policies and address with defensive points. We would appreciate input by 4pm today. Please send input to s 22 and me.

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WREs, COMTA s 22
s 22

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Manager | Individuals Tax Unit
Individuals and Indirect Tax Division
The Treasury

s 22

[\[REDACTED\]@treasury.gov.au](mailto: [REDACTED]@treasury.gov.au)

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DEDUCTIONS FOR WORK-RELATED EXPENSES AND THE COST OF MANAGING TAX AFFAIRS

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Relevant Labor policies

- In his 11 May 2017 Budget reply speech, the Opposition leader stated a Labor Government will cap the amount individuals can deduct for the management of their tax affairs at \$3,000.
 - Labor claims the cap would affect fewer than 1 in 100 taxpayers and will save the budget \$1.3 billion over the medium-term.

Defensive points

- Deductions for the cost of managing tax affairs extend beyond payments to accountants and lawyers. They include (but are not limited to):
 - fees paid to tax advisers;
 - the cost of court appeals; and
 - interest charges imposed by the ATO as a result of compliance activity.

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Background

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Pages 1 to 4 and 6 to 24 are outside the scope of this request and have not been provided

A Tax Compliance Tax _ a \$1.5 billion tax courtesy of Labor's proposal to slap a \$3000 cap on the amount individuals can deduct for managing their tax.

Bill Shorten likes to yell about stopping the wealthy from minimising their tax through clever accounting.

But this change will slug small businesses owners who have complicated tax arrangements and those going through the heartache of divorce or redundancy disputes who may require intensive tax advice.

It will also restrict the ability of business owners and individuals who feel they have been unfairly treated by the ATO, from heading to court to argue their case.

If you have a dispute with the tax office, you should get your day in court, and you should be able to access the advice you need to make your case.

Commented s 22 The \$3000 cap does not apply to small businesses with positive income and annual turnover of less than \$10million.

Commented s 22 Our costing of a cap and the public PBO costing exclude small business.

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