

TABLE 2: FISCAL IMPACT OF STAGE TWO BUSINESS TAX REFORMS (a)

	99-00	00-01	01-02	02-03	03-04	04-05
	\$m	\$m	\$m	\$m	\$m	\$m
Integrity measures						
Prevent inter-entity loss multiplication	0	15	20	25	20	25
Measures affecting tax shelters (g)	0	70	100	90	90	90
Restricting losses from non-commercial activities	0	50	310	240	200	180
Restricting alienation of personal services income	0	380	480	495	515	530
Total	0	515	910	850	825	825
International measures						
Allowing imputation credits for foreign DWT	0	0	0	-340	-190	-200
Tighten thin capitalisation rules for inbound invest.	0	0	40	380	310	350
Introduce gearing rules for outbound investment	0	0	10	100	70	80
Impose CGT on sale of non-res. interposed entities	0	0	0	40	50	50
Total	0	0	50	180	240	280
Mining and quarrying and blackhole expenditures						
Effective life depreciation for mining and quarrying	0	0	0	15	25	35
Recognition of blackhole expenditures	0	0	-30	-65	-85	-110
Total	0	0	-30	-50	-60	-75
High level reform to tax design and other measures						
General deductibility of interest	0	0	-25	-55	-55	-60
Treatment of private receipts/expenditure/assets	0	0	0	-10	-10	-15
Tax change in value of consumable stores & parts	0	0	0	15	20	20
Treatment of non-billable products	0	0	0	30	35	40
Taxation of leases & rights (excl. indefeasible rights)	0	0	-32	-45	-50	-61
Accruals taxation of financial arrangements	0	0	15	60	0	5
Depreciation treatment of new buildings and structures	0	0	-10	-30	-50	-60
Amended depreciation for luxury cars	0	0	-5	-10	-15	-15
Total	0	0	-57	-45	-125	-146
Growth Dividend (f)	0	25	50	100	150	250
Fiscal impact of stage two measures	0	540	923	1035	1030	1134
Overall fiscal impact of business tax reform	-106	707	-525	411	559	115

(a) Differences from the estimates in *A Tax System Redesigned* reflect differences in timing.

(b) This measure is additional to those proposed in *A Tax System Redesigned*.

(c) Small businesses are exempt from the measures - removal of accelerated depreciation, removal of the balancing charge offset and pooling of low value assets - until commencement of the *Simplified Tax System*.

(d) Data are not available to prepare a reliable revenue estimate for the changes to the small business CGT provisions, including the 15 year asset exemption. The net cost of these changes is expected to be small.

(e) Revenue estimates for this measure were not available from *A Tax System Redesigned* and were not included in the Treasurer's Press Release No. 58, of 21 September 1999, announcing *A New Business Tax System*.

(f) Half of the growth dividend was included with the stage one measures and half with the stage two measures in the Treasurer's Press Release No. 58 of 21 September 1999.

(g) The prepayment measure, along with restricting losses from non-commercial activities, will impact on tax shelter arrangements. The revenue impact of these measures with respect to tax shelters was not included in *A Tax System Redesigned* and is additional to that presented in the Treasurer's Press Releases No. 58, of 21 September 1999, and No. 69, of 21 October 1999.