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Practice Group(s):
Tax

Australia: Tax Future Under a New Liberal Government

By Philip Diviny

- BRR** We're joined once again by Philip Diviny, who is a Partner in the Tax Group at K&L Gates. Philip thank you so much for joining us.
- PD** Hello Kate.
- BRR** Well Philip of course we saw a well predicted change in Government on Saturday night, and we're likely to see a tinkering of the tax laws, what do we know so far in terms of planned changes?
- PD** The headline act I guess Kate has been the proposed abolition of the Carbon Tax which the Liberal Party has said they'll introduce on the first day of the new Parliament. The second key plank I guess is the abolition of the mining tax and the third thing is the proposed reduction in the company tax rate from 30% to 28½% and the introduction of the paid parental leave funded by a one and a half percent levy on large corporates.
- BRR** And Phillip just on the Carbon Tax, because this was obviously a major campaign promise of the Coalition; how difficult will it be for the new Government to keep this promise as its first call in Government?
- PD** Well I think their promise was to have it as the first thing introduced rather than the first thing past and it is going to prove a bit of a challenge to get it through. I guess the composition of the Senate is still very unclear, it is clear of course that the Coalition won't have anything like a majority in the Senate but perhaps the most important thing for them is that Labour and Greens combined will no longer have a majority in the Senate, so Labour and Greens I think have currently got 40, and they'll go down significantly below that once the new Senate takes its place. And there look likely to be a number of independents entering the Senate for the first time, up from the current level of two independents. So it will be a matter of them striking agreement with some or all of those non-aligned independents to try to get the Carbon Tax through.
- BRR** But something we'll have to wait and see I guess. Now Philip there's also been a pledge by the new Government that there will be less red tape, how do you see this happening?
- PD** I think there's a few things they could do, I mean in Victoria they introduced a Red Tape Commissioner to try to look at ways in which red tape could be cut and that sort of thing may well be introduced at the Federal level. There's a lot of things in tax in terms of tax compliance that could be adjusted in terms of you know the quarterly and monthly BAS reporting for example, which does create a lot of paperwork for people and is a frustration for particularly small businesses.
- BRR** And Phillip just finally, how will the proposed changes impact on business?

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- PD** I guess one of the main things Kate is just to increase business confidence and bring back assess that business knows with some certainty what the tax position is going to be, unlike other elections I guess the Liberal Party did run on a fairly clear outline of its key tax changes at this election, and so they would argue they've got a mandate to implement those changes. So things like the reduction in the company tax rate has been lobbied for, for a long time, and will be very welcomed by business, as will of course the abolition of the Carbon Tax and mining tax which have not only been seen as a cost to business here, but have promoted this air of sovereign risk that Australia becomes a less certain place for foreign investors to invest in with those sort of things being abolished I think will create a greater air of confidence.
- BRR** Well certainly it will be good to see some business confidence return and Philip as always interesting insights. Thank you so much for joining us.
- PD** Pleasure Kate.
- BRR** That was Philip Diviny, who's a Partner in the Tax Group at K&L Gates. Now listeners if you have any questions for Philip send them through using the panel on your screen or otherwise via email to law@brrmedia.com.

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