1 May 2015

**Tax reform process formally launched**

On 30 March 2015 the Government released its Tax Discussion Paper – *Re:think, Better tax system, better Australia* – to start the process of developing its forthcoming Tax Reform White Paper. The aim of the Discussion Paper is to foster an ‘open and constructive conversation with the community on how we can create a better tax system that delivers taxes that are lower, simpler, fairer’. This goal of a better tax system is a means to an end. The Discussion Paper emphasises that ‘tax reform offers one of the biggest opportunities to improve productivity and foster jobs, growth and opportunities’.

For further information see our [TaxTalk Alert](#).

**Efficiency and incidence of Australian taxes**

On 7 April 2015 the Commonwealth Treasury released a working paper on the economy-wide efficiency and incidence of major Australian taxes. The paper is intended to contribute to the broader discussion about the structure of Australia’s tax system (as noted above) by estimating welfare cost and identifying the economic incidence of marginal changes to the tax system. In the paper Treasury states that stamp duty on conveyancing and company income tax are the least efficient taxes, whilst the most efficient was found to be a hypothetical broad-based land tax. Treasury also found that the incidence of major taxes is largely borne by workers through lower real wages caused by lower labour productivity.

**Competition Policy Review**

On 31 March 2015, the Government released the final report of the Competition Policy Review (‘Harper Review’) which makes 56 recommendations for reforms across competition policy, laws and institutions. From a tax perspective, the Report makes recommendations in relation to road user charges, indicating that indirect charges and taxes on road users, such as fuel excise and registration fees, should be reduced with the recommended introduction of direct cost-reflective road pricing. Refer also to PwC’s [Legal Talk](#) publication which summarises the key aspects of the report.

Submissions can be made by 26 May 2015.

**Barriers to export of services**

On 2 April 2015 the Productivity Commission released an issues paper that addresses the barriers to services exports. The Commission is seeking information and evidence on a range of issues, including whether aspects of Australia’s taxation policy creates a distortionary environment for services exports, and how these arrangements compare to those in key competitor countries.

Submissions can be made until Friday 15 May 2015.

**Superannuation choice of fund requirements**

On 1 April 2015, the Commonwealth Treasury released the exposure draft legislation on reforms to reduce the compliance burden associated with superannuation ‘choice of funds’ requirements. Under the amendments, from 1 July 2015, employers will no longer be obliged to give a standard choice of fund form to temporary residents or provide this form to employees when their superannuation funds merge. Submissions on this exposure draft have now closed.
High Court appointment

The Commonwealth Government has announced the appointment of Justice Michelle Gordon, currently a Federal Court judge, as a new justice of the High Court of Australia. Justice Gordon, who will be sworn in on 9 June 2015, replaces Justice Kenneth Hayne upon him reaching the statutory retirement age.

High Court upholds Constitutional validity of Clean Energy Regulations

In Queensland Nickel Pty Limited v Commonwealth of Australia [2015] HCA 12 the High Court has upheld the Constitutional validity of provisions of the Clean Energy Regulations 2011 (Cth) (the Regulations) that provided for the free issue of carbon units to entities engaged in the production of nickel. The plaintiff submitted to the Court that Division 48 of Part 3 of Schedule 1 to the Regulations was invalid in its application to the plaintiff as a result of giving preference to one State over another contrary to the Constitution. The High Court rejected the claim in a unanimous decision.

ATO’s latest data matching program

On 21 April 2015 the Commissioner of Taxation published notice in the Commonwealth Gazette regarding a new data matching program in which the Australian Taxation Office (ATO) will request and collect online selling data relating to registrants that sold goods and services of a total value of $10,000 or more for the period 1 July 2013 to 30 June 2014. The ATO expects that records relating to between 15,000 and 25,000 individuals will be matched with other data to identify non-compliance with registration, lodgment, reporting and payment obligations under taxation laws.

Let’s talk

For a deeper discussion of how these issues might affect your business, please contact:

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