FINANCIAL PLANNING ASSOCIATION *of* AUSTRALIA

2016 FEDERAL ELECTION – COMPARISON OF POLICIES

Policy area	Coalition Government policy	Labor Party policy	Greens Party policy	Katter's Australian Party	Nick Xenophon Team	Cathy McGowan	Andrew Wilkie	One Nation	Derryn Hinch's Justice Party	Jacqui Lambie Network
Company income tax rate	• Progressively reduce corporate tax rate to 25 per cent over 10 years for all companies. • Business companies with annual aggregated turnover under $10 million would benefit from lower rates sooner. • More and more business companies would benefit from lower rates as aggregated turnover threshold is progressively increased. • Reduced rate: 27.5% for 8 years; 27% for 1 year; 26% for 1 year; and 25% thereafter.	• Supports reducing corporate tax rate to 27.5% for businesses with aggregated turnover of less than $2 million each.	• Will not support any reduction in corporate tax rate for big business.	• No publicly announced policy.	• No publicly announced policy.	• No publicly announced policy.*	• No publicly announced policy.	• No publicly announced policy.	• No publicly announced policy.	• No publicly announced policy.
Personal income tax rates	• Increase threshold at which the 37 per cent marginal tax rate cuts in, from $80,001 to $87,001. • Increase unincorporated small business tax discount. This measure to be phased in over 10 years.	• No cut to marginal tax rate of individuals earning over $180,000 p.a.	• 47% tax rate for the excess of taxable income over $180,000. • An individual with total income of $300,000 or more cannot reduce taxable income below 35% of their total pre-tax income.	• No publicly announced policy.	• No publicly announced policy.	• No publicly announced policy.*	• No publicly announced policy.	• Tax speculators who avoid tax.	• No publicly announced policy.	• No publicly announced policy.
Goods and services tax (GST)	• No change to GST rate or base. • GST to be extended to low value imported goods.	• No increase to the GST.	• Oppose increases to GST.	• No publicly announced policy.	• No publicly announced policy.	• No publicly announced policy.*	• No publicly announced policy.	• No publicly announced policy.	• No publicly announced policy.	• Opposes change to GST rate.
Multinational tax avoidance / transparency / transfer pricing	• Introduce Diverted Profits Tax of 40 % on profits that are artificially diverted from Australia, of global companies with revenues of $1 billion or more. • Amend transfer pricing rules to give effect to OECD BEPS recommendations. • Implement OECD BEPS recommendations to eliminate hybrid mismatch arrangements. • Increase penalties for 'significant global entities' that fail to disclose information to the ATO, to 100 times current penalty amounts. • Provide more funding to the ATO to establish a new Tax Avoidance Taskforce targeting multinationals and high wealth individuals and other sectors.	• Amend thin capitalisation rules to reduce the amount of debt that multinational companies can claim deductions for in Australia, with the limit to deductions based on company's worldwide debt-to-equity ratio. • Better align Australia's rules on hybrid entities and instruments with tax laws in other countries, to reduce opportunities for companies to "double-dip" by claiming tax exemptions in one country and tax deductions in another. • Increase tax compliance by providing the ATO with the funding it needs to properly investigate and pursue multinational profit shifting.	• Amend the thin capitalisation rules to limit the amount of debt deductions multinational companies can claim in Australia to the debt-to-equity ratio of a company's entire global operations. • Tax trusts as companies. • Where a jurisdiction is not exchanging tax information with the ATO, residents and companies domiciled in that country for tax purposes will incur higher rates of withholding tax from activities that generated income in Australia. • Restore funding to the ATO. • Establish a public register whereby Australian mining and infrastructure companies disclose the quantum and purpose of funds paid to foreign governments. • Reduce the disclosure threshold for both private and publicly listed companies to $50 million of income in a year	• No publicly announced policy.	• No publicly announced policy.	• No publicly announced policy.*	• No publicly announced policy.	• Make foreign companies pay their fair share of tax. • Tax speculators who avoid tax including foreign companies.	• No publicly announced policy.	• No publicly announced policy.

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Continued. **Multinational tax avoidance / transparency / transfer pricing**		• Increase penalties for non-compliance with country-by-country reporting. • Increase penalty for failing to file country-by-country reports, to 50 times the current level. • Restore the $100 million threshold for reporting the tax affairs of large private firms. • Establish a publicly accessible central registry of beneficial ownership of companies, trusts and other corporate structures.	• Establish a register of ultimate ownership of trusts and private companies, accessible to interested parties acting in the public interest. ATO empowered to charge penalties to companies and individuals who do not provide required information by 1 July 2017. Publish top users of transactions between related parties. Establish a public register of ATO settlements of disputed tax liabilities. • Work with other countries to create a framework for apportioning a company's taxes to the jurisdictions where they derived their income.							
Superannuation	• Reduce threshold for the additional 15 per cent contribution tax for high income earners from $300,000 to $250,000. • Introduce $1.6 million lifetime cap on an individual's total transfers to retirement income streams. • Reduce concessional contributions caps to $25,000. • Remove 10 per cent rule for deductible personal contributions. • Introduce a $500,000 lifetime non-concessional contributions cap. • Remove work test for acceptance of personal and spouse contributions tor member aged 65 to 74. • Increase income threshold for low income spouse contributions. • Introduce a Low Income Superannuation Tax Offset. • Remove tax exemption for earnings on assets supporting transition to retirement income streams. • Remove ability for certain income stream payments to be taxed as lump sums. • Abolish anti-detriment payments.	• Reduce the threshold for the additional 15 per cent contribution tax for high income earners from $300,000 to $250,000. • Limit the tax concession on the earnings on an individual's superannuation assets, to $75,000.	• Progressive tax rate on contributions: **Taxable income** / **Tax on super contributions (per $)** $0 – $37,000 / 0c $37,001 – $100,000 / 15c $100,001 – $150,000 / 22c $150,001 onwards / 32c	• No publicly announced policy.	High-level proposals: • Overturn the 7-year delay to increase the superannuation guarantee from 9.5% to 12% • Overhaul the superannuation industry to increase transparency, end fee gouging and require that investment choices are made under increased checks and balances • Require superannuation funds to hold an annual general meeting where members are entitled to ask questions as to how their fund is performing and how it is being administered • Recalibrate tax-breaks for superannuation so the greatest benefit is directed to those with the least savings, and a reduced benefit is enjoyed by those with very high superannuation savings.	• Reform of superannuation but not retrospective legislation.	• Against retrospective reform. However, such reforms (e.g. proposed changes to contributions caps) should, at the least, have grandfathering provisions for those approaching retirement. • Against proposed $500,000 lifetime cap on non-concessional contributions. • Supports taxing contributions at individual's marginal tax rate less tax offset of 15%. • Supports Low Income Superannuation Tax Offset.	• Protect super. • Allow access to super to purchase first home if <38.	• No publicly announced policy.	• No publicly announced policy
Tobacco excise	• Four annual 12.5 per cent increases in excise commencing on 1 September 2017.	• Four annual 12.5 per cent increases in excise commencing on 1 September 2017.	• If tobacco tax rises, the revenue should be used for such purposes as funding medical research and stopping people smoking.	• No publicly announced policy.	• No publicly announced policy.	• No publicly announced policy.	• No publicly announced policy.	• No publicly announced policy.	• No publicly announced policy.	• No publicly announced policy.
Capital gains tax (CGT)	• No changes to CGT.	• Reduce the CGT discount for individuals, to 25 per cent for all assets purchased on or after 1 July 2017. Investments made before this date would not be affected by this change.	• Phase out the CGT discount by 10% each year from 1 July 2016 until there is no longer any discount from 1 July 2020.	• No publicly announced policy.	• No publicly announced policy.	• No publicly announced policy.*	• No publicly announced policy.	• No publicly announced policy.	• No publicly announced policy.	• No publicly announced policy.

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Negative gearing	• No changes to negative gearing.	• From 1 July 2017, limit negative gearing to new housing. Investments made before this date would not be affected by this change.	• Reform negative gearing. The party's policy document notes that the Parliamentary Budget Office was requested to provide a costing to remove negative gearing for all asset classes, for assets purchased on or after 1 July 2015, with grandfathering arrangements for existing investments.	• No publicly announced policy.	High-level proposal: • Modify negative gearing to encourage the creation of new affordable housing stock.	• No publicly announced policy.	• No publicly announced policy.	• No publicly announced policy.	• No publicly announced policy.	High-level policy proposal: • cap number of properties each individual can negatively gear
Innovation	• Introduce a 20 per cent non-refundable carry-forward tax offset on investment, capped at $200,000 per investor, per year; and a 10-year capital gains tax exemption for investments held for at least twelve months. The measures apply to early stage investors who are sophisticated or where the investment is no more than $50,000,in early stage innovation companies. • Introduce a new 10 per cent non-refundable carry-forward tax offset to partners in new Early Stage Venture Capital Limited Partnerships for capital invested during the year. The maximum fund size for new and existing ESVCLPs is increased from $100 million to $200 million. *These measures are effective from FY 2016-17 and enabling legislation received Royal Assent on 5 May 2016.* • Introduce a new option to self-assess the tax effective life of acquired intangible assets. This will better align the tax treatment of the asset with the actual number of years the asset provides an economic benefit.	Introduce an 'Australian Angel Investment Scheme', which would provide: • an upfront 50 per cent tax deduction for an investment up to a maximum of $200,000 per year. • 'carry back' tax relief where investors don't reach the maximum $200,000 cap in any particular year. • A full capital gains tax exemption for equity held in the startup venture for more than three years. • for any realised losses following investment in the scheme to be deductible against wage and salary income. • for deferral of capital gains tax on investments if the investor directs a prior capital gain into a new startup venture. Startups supported under the scheme would have the following characteristics: • Maximum of 25 employees; • Maximum $400,000 in assets; and • Maximum raised under the scheme is $300,000 per year.	• Reverse the proposed 1.5% cuts to R&D offsets.	• No publicly announced policy.	• No publicly announced, tax-related policy.	• No publicly announced policy.	• No publicly announced policy.	• No publicly announced policy.	• No publicly announced policy.	• No publicly announced policy.
Financial Services Royal Commission	• Has not proposed a Royal Commission into the finance sector.	• Hold a Royal Commission into misconduct in the banking and financial services industry, including an examination of ethics, culture and unlawfulness in the industry.	• Hold a Royal Commission into the conduct, business practices and culture of banking and insurance entities.	• Hold Royal Commission into the finance sector.	• Hold Royal Commission across the financial services sector.	• No publicly announced policy. *However, high level policy is to make reforms for a fairer tax system.	• No publicly announced policy.	• No publicly announced policy.	• No publicly announced policy.	• Hold a Royal Commission to examine the performance and practices of all the major players of Australia's Financial and Banking sectors, including ASIC.