

Policy proposals	Fiscal impact 2016-17 (\$m)	Fiscal impact 2017-18 (\$m)	Fiscal impact 2018-19 (\$m)	Fiscal impact 2019-20 (\$m)	Net fiscal impact over the 2016-17 – 2019-20 forward estimates period (\$m)	Net fiscal impact over 2016-17 – 2026-27 forward estimates period (\$m) ⁱ
Liberal-National Party (LNP)						
Enterprise Tax Plan: Will lower the company tax rate to 25% by 2026-27 for all companies. In its small business package , will lower the rate from 28.5% to 27.5% for small companies with turnover of \$2 million and increase the eligibility threshold from \$2 million to \$10 million of gross revenues (2016-17); \$25 million (2017-18); \$50 million (2018-19) and \$100 million (2019-20). ⁱⁱ Outside the forward estimates, will increase the threshold to \$500 million in 2021-22 and \$1 billion in 2022-23. In 2024-25 company tax cut will be reduced to 27% then progressively 1% per year until 25% in 2026-27. Dividend imputation will be retained and franking credits distributed in line with the tax rate of the company making the distribution.	-400	-500	-800	-950	-2,650	-4,820*
Will increase the small business entity turnover threshold from \$2 million to \$10 million from 1 July 2016, extending access to the instant asset writeoff. The current \$2 million threshold will be retained for small business capital gains tax concessions. Access to the unincorporated small business tax discount will be limited to entities with turnover less than \$5 million.	-295	-700	-550	-650	-2,195	Not estimated
The Government previously enacted an unincorporated tax discount for small businesses not operating in a company (sole proprietors, partnerships and trusts) of 5% with a cap of \$1,000 for individuals. Budget 2016-17		-150	-150	-150	-450	Not estimated

proposed to lift this discount to 8%, capped at \$1,000 for small businesses with a turnover less than \$5 million. In years outside the forward estimates it will increase the discount to 10% in 2024-25, 13% in 2025-26 and 16% in 2026-27.						
Consolidated groups: Will do various fixes to the consolidated corporate tax group regime, as proposed in Budget 2016-17, including to remove a double tax benefit for a consolidated group that acquires a subsidiary with deductible liabilities, by no longer including those liabilities in the consolidation entry tax cost setting process; and to amend the treatment of deferred tax liabilities to more closely align commercial and tax outcomes and reduce complexity.	-150	-45	-40	-35	-270	Not estimated
From 2018, will give asset backed financing arrangements consistent tax treatment with arrangements based on interest bearing loans or investments.						
From 2017, will introduce a Corporate Collective Investment Vehicle which will allow Australian funds managers to offer investments through a company structure, to help offer retail investment products. From 2018, will introduce a Limited Partnership Collective Investment Vehicle to facilitate wholesale investment by large investors, such as pension funds.		0.2	0.2	0.2	0.6	Not estimated
Australian Labor Party (ALP)						
Support the LNP's cut in the company tax rate for small businesses to 28.5% and will support a further cut to 27.5%. Support increasing the low company tax rate or unincorporated small business tax discount to 8% for small businesses. Will not support extending these tax deductions to business with turnover above \$2 million.	495	1,130	1,260	1,510	4,395*	50,095*
The Greens						

Do not support the proposed LNP company tax cut.						
Will tax trusts at the company tax rate of 30% . Dividend imputation would still be permitted when the trust pays tax. PBO costing .	460	880	980	980	3,300	Not estimated
“Too big to fail” bank levy. Will introduce a 20 basis point levy on bank assets in excess of \$100 billion. The levy would be deductible for the purposes of calculating company tax payable. The proposal would have effect from 1 September 2016. PBO costing .	2,900	3,700	4,000	4,300	14,900	Not estimated
For small businesses , will reinstate loss carry-back to allow small businesses to claim up to \$1 million of current financial year losses against profits made in previous financial years. Will increase the GST registration threshold from \$75,000 to \$150,000 or more for businesses, and from \$150,000 to \$300,000 or more for not-for-profit organisations, with the thresholds to be indexed annually by the Consumer Price Index (CPI). PBO costing .	-6.9	-355.3	-101.3	-150.8	-614.3	Not estimated

* Items marked indicate savings or spending relative to the other main party platform, but not relative to the usual budget baseline of ‘no policy change’. We have included these because they convey useful information, but this caveat should be borne in mind.

ⁱ The ALP chose to estimate costs for some of its policies over a 10 year period. As the other parties have mainly chosen to estimate the costs of their policies over the forward estimates period, there are no costs associated with their policies over that period.

ⁱⁱ For the 10 years to 2026-27, modelling revealed in Senate Estimates, and released by Treasury, indicated an estimated total fiscal cost of \$48 billion, consistent with other economic estimates (Treasury 2016). Parliamentary Budget Office modelling indicated an estimated cost of \$51 billion for that period of time. Treasury (2016), ‘Analysis of the long term effects of a company tax cut’, Working Paper 2016-02, accessed at: <http://www.treasury.gov.au/PublicationsAndMedia/Publications/2016/working-paper-2016-02>.