

Ref: B12/644
Urgent/Low Complexity

DEPARTMENT OF THE PRIME MINISTER AND CABINET

PM&C
Secretary
Dr de Brouwer
Ms Cross
Mr Hazlehurst
Mr Yeaman

To: Prime Minister (for decision by 23 March 2012)

AUSTRALIAN GREENS' POLICY COSTING - TAXATION OF SMALL BUSINESS

Recommendation - that you:

1. sign the attached letter to Senator Bob Brown (Attachment A) advising that his costing request regarding changes to the taxation of small business has been forwarded to the Treasurer, the Hon Wayne Swan MP.

Julia Gillard

Date: 20/3/12

Signed / Not Signed

Purpose: To respond to a letter from Senator Brown that requests costing of changes to taxation arrangements relating to small business.

Key Points:

1. Senator Brown wrote to you on 15 March 2012 (Attachment B) requesting a policy costing for changes to taxation arrangements for small business.
2. This request is in accordance with the arrangement made between the Australian Greens and the Australian Labor Party.
3. We recommend that you sign the letter at Attachment A which acknowledges Senator Brown's request and informs him that his proposal has been forwarded to the Treasurer as the minister responsible for costing his proposal.

David Turvey
Acting First Assistant Secretary
Economic Division

19 March 2012

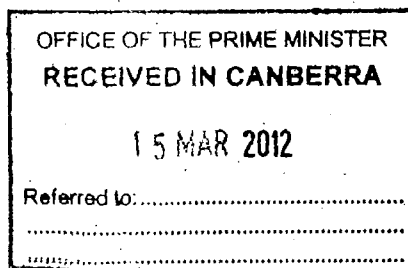
Policy Officer: Dean Thompson
Phone no: 6271 6212

ATTACHMENTS

ATTACHMENT A: Draft correspondence

ATTACHMENT B: Incoming correspondence

The Hon Julia Gillard MP
Prime Minister
Parliament House
CANBERRA ACT 2600



15 March 2012

Dear Prime Minister

Policy for costing: taxation of small business

In accordance with the agreement between the Australian Greens and the Australian Labor Party, I submit the following policy for costing by the Departments of Treasury and Finance & Deregulation:

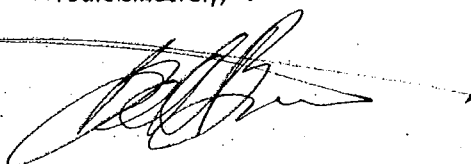
Taxation of small business (based on recommendations 29 and 30 from the Henry Tax Review)

1. Increasing the small business entity turnover threshold for the cut in company tax (from 30 to 29 per cent) from \$2 million to \$5 million.
2. Increasing the threshold for determining a low-value asset for the purposes of allowing small business to write off the assets immediately from \$6,500 to \$10,000 assuming
 - (a) The current small business entity turnover threshold of \$2 million is retained.
 - (b) The small business entity turnover threshold is raised to \$5 million.

Please contact my office should you, or the Departments, require any further information or clarification on these costings in order to undertake this work.

We look forward to response on these matters.

Yours sincerely,



Senator Bob Brown
Leader of the Australian Greens