

## Government 'dares' the Senate on its corporate and income tax packages

Written by Michelle Grattan, Professorial Fellow, University of Canberra

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The government will put both its company tax legislation and its income tax package to the Senate before parliament rises in late June, Finance Minister Mathias Cormann has confirmed.

Cormann also sought to scotch suggestions that the tax cuts for big businesses might be dropped if they were defeated then, saying “we are totally committed to the reform”.

He told reporters on Monday the corporate tax cuts were “even more important and more urgent now” than when the government took its package to the election as its central policy in 2016.

Within Coalition ranks there are doubts about persisting with the company tax measure if it can't be legislated. The chances of the legislation passing the Senate plummeted last week when Pauline Hanson went back on her commitment to back it. But on Monday she appeared to be sounding a little less adamantly opposed, and invited people to contact her office with their views.

With three Senate votes Hanson has a veto.

Cormann committed the government to take the plan to the Super Saturday July 28 byelections if it was defeated in parliament.

He again ruled out a compromise that set a \$500 million annual turnover threshold, which would give the package a greater chance of success. That would exclude the highly unpopular banks, as well as other big companies, from the cut.

Cormann said such a threshold “would be a barrier to growth. If you put an artificial ceiling on the growth that a business can aim for by essentially providing a disincentive to further growth beyond that threshold, you are putting a brake on jobs growth”.

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The government has already legislated for tax cuts for firms of up to \$50 million turnover. That limit was a deal with Senate crossbenchers.

The company tax cuts as well as the competing government and opposition income tax packages are set to be core battlegrounds in the byelections.

The government is also holding firm on not dividing up its three-stage income tax legislation. "We will not split the package", Cormann said. "Bill Shorten has to make a decision whether he wants to stand in the way of personal income tax relief for low and middle income earners.

"He has to make a decision whether his anti-aspiration, politics of envy vendetta is more important to him than providing cost-of-living pressure relief to low and middle income earners."

Stage three of the government's income tax package is the most controversial part because it flattens the tax scale. The benefits for low and middle incomes earners are in stage one, which the opposition supports. Labor, while highly critical of the third stage, has not said what it would do in the Senate if the government refuses to have at least that stage split off.

The government this week will continue talking with crossbenchers over the two tax packages.

Campaigning in Braddon, one of the byelection seats, Shorten said Malcolm Turnbull's "corporate tax cuts are dead, buried and cremated - he is just too silly and arrogant to realise that."

"Every extra dollar that goes to the Commonwealth Bank, or Westpac or ANZ or NAB, is a dollar less we have got in our in our kids' schools, it's a dollar less we've got to help the pensioners with their power bills, it's a dollar less to help people when they are sick," the opposition leader said.

Newspoll, [published](#) in Monday's Australian, [asked](#) people whether the proposed changes to

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company tax rates should come into effect as soon as possible, in stages over the next 10 years, or not at all. More than a third (36%) said as soon as possible, 27% said in stages and 29% said not at all.

The poll had Labor back with a 52-48% two-party lead, compared with 51-49% in the last two polls.

It also saw Anthony Albanese heading Shorten as better Labor leader, 26% to 23%. Tanya Plibersek was also on 23%. The prospect of the byelection has stirred some leadership muttering in the ALP.

*Michelle Grattan does not work for, consult, own shares in or receive funding from any company or organisation that would benefit from this article, and has disclosed no relevant affiliations beyond their academic appointment.*

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