

Media release

02 February 2011

Bank super profits tax must be on Tax Summit agenda

Confirmation today that Treasury has considered a banking super profits tax is further evidence of the need to discuss such a proposal at the Tax Summit to be held later this year, according to The Australia Institute.

Recent polling by the Institute found 81 per cent of Australians want the idea of a bank super profits tax to be on the Tax Summit's agenda.

The Australia Institute's Executive Director Dr Richard Denniss said the Treasury documents show there is plenty more scope for the government to tackle the excessive profits of the banks, and in particular the big four.

"Bank profits are now running at more than \$1,000 for every man, woman and child in Australia and growing at 15 per cent per annum," said Dr Denniss.

"An overwhelming majority of Australians want the government to talk about a banking super profits tax and the Treasury documents provide the perfect basis for having that discussion.

"The Tax Summit will be a damp squib if it fails to include the banks and their market power on the agenda," said Dr Denniss.

Treasury also considered how other countries tax their banks, for example, in the United Kingdom where the government has announced a levy on bank liabilities of 0.07 per cent. If such a levy were introduced in Australia it would raise \$2.1 billion per annum.

Notes for editors

- If such a levy were introduced in Australia it would raise \$2.1 billion per annum based on the latest APRA figures for the total liabilities of the Australian banks at 30 June 2010. Total liabilities of the banks were \$2,956 billion.