

**2.6 Deputy G.P. Southern of the Minister for Treasury and Resources regarding growth of profits in the Financial Services Industry:**

In the light of the results of the most recent survey of financial institutions, does the Minister consider that further growth of profits in the financial services industry with consequent increases in tax revenues is probable this year - and I think the question should say - and next?

**2.6.1 Senator T.A. Le Sueur (The Minister for Treasury and Resources):**

When corporate profits increase then all things being equal one would expect tax revenues on those corporate profits to increase. As Members will appreciate things are not always equal. While it is likely that there will be an increase in tax revenues this year, it may not be directly proportional to the increase in profitability. That is because of the basis on which tax is calculated. However, in broad terms I accept that an increase in corporate taxes this year is probable and next year probably also. Those to a large extent have been built into our future projections. However, with the advent of the Zero/Ten corporate tax structure which is now operational for all new companies and which will become operational for all existing companies from 1st January next year, overall tax revenues for such companies will in future fall quite considerably, as I have already made clear on several occasions. One should not, therefore, rely on such increases in revenue for future years.