BCA
Business Council of Australia

Minimum Tax on Discretionary Trusts – supplementary submission

9 November 2026

BCA estimate of business costs

The Business Council of Australia (**BCA**) has estimated the costs to business of the proposed minimum tax on discretionary trusts – the increased tax on business, and the increased regulatory burden. This document is a supplementary submission to the BCA's original submission to the Senate Economics Legislation Committee inquiry into the *Treasury Laws Amendment (Tax Reform No. 3) Bill 2026* (**the Bill**).[1]

The BCA is providing this supplementary submission to aid public debate on the Bill before Parliament. The Explanatory Memorandum (EM) to the Bill does not separately estimate tax increase on business from the minimum tax, and the BCA has significant concerns about the estimate of the business implementation costs from the measure. The first disclosure of the tax increase on business was only on Friday 6 November, when Treasury appeared before the Senate Inquiry into the Bill.

The estimate provided in this supplementary submission supports the BCA's emphasis on the need for policies that reduce rather than increase business taxes and red tape to help drive productivity growth and higher living standards for all Australians.

1. Summary of BCA cost estimates

Cost increase in first full year of operation

Item	Cost to business ($m)	
	Low estimate	High estimate
Tax increase	1,730	1,730
Implementation costs	1,660	2,330
Subtotal	**3,400**	**4,060**
Ongoing compliance costs	50	80
Total cost for first year	**3,450**	**4,140**

Notes: Figures rounded to nearest $10 million. Numbers may not add due to rounding.

[1] The first submission is available from: https://www.aph.gov.au/DocumentStore.ashx?id=1a51fc9b-fc65-4c58-b06c-259271a0a9f0&subId=807130

Ongoing cost increase following implementation

Item	Cost to business ($m)	
	Low estimate	High estimate
Tax increase (per year)	1,730	1,730
Ongoing compliance costs	50	80
Total annual cost for following years	1,790	1,810

Notes: Figures rounded to nearest $10 million. Numbers may not add due to rounding. Figures are in 2029–30 dollars. Actual dollar figures would likely be higher after 2029–30 due to growth in incomes.

2. Details of calculations

2.1 Tax increase

The Explanatory Memorandum (**EM**) to the Bill states (at p. 4) the total tax increase from the minimum tax is $4.33 billion in 2029–30, the first full year of operation. Figures for later years have not been provided.

On Friday 6 November 2026, Treasury indicated the share of the tax increase relating to business was 40 per cent. Applying this share to the $4.33 billion cost generates a business tax increase of $1,730 (rounded to the nearest $10 million).

This is substantially above the figure estimated by the BCA in our primary submission which was about $920 million per year. The table above uses the latest figure, which increases the BCA's cost estimate by about $810 million per year (rounded to the nearest $10 million). This previous estimate was calculated based on the share of business income data for discretionary trusts from the 2023–24 Taxation Statistics.

2.2 Implementation costs

The Impact Analysis in the legislation estimates the number of hours of advice required by various types of trusts. It then multiplies these hours by an assumed cost of advice per hour of $91.54, or in some cases $41.00 (see EM at pp. 189–90). These are well below the market rates for legal and accounting advice.

Based on these hourly costs, the EM states a central estimate of the implementation cost for business of $60.9 million over ten years, effectively $609 million in the first year of operation. This represents the midpoint, while the range for estimates is $482 million to $735 million (EM Table 2, p. 197).

The EM assumptions about cost of $91.54 per hour are unrealistically low. There is no way a business will be able to obtain adequate professional advice for $91.54 per hour, including overheads, a figure that means the adviser is earning well below $91.54 per hour. More realistic assumptions are $250 per hour (low case) to $350 per hour (high case). This is based on the costs used in CPA Australia's September 2026 submission.[2] These assumptions appear realistic based on a number of advertised fees for legal and accounting services.[3] The BCA retains the EM's assumed hours and affected populations but uses the CPA Australia costs per hour.

[2] See: p. 34 of https://www.cpaaustralia.com.au/-/media/project/cpa/corporate/documents/policy-and-advocacy/consultations-and-submissions/taxation/2026/cpa-australia-trust-tax-reform-submission-final-for-lodgement-unsigned.pdf

[3] See: https://www.atworks.com.au/price-guide/ and https://www.stewartbrown.com.au/images/documents/Terms_of_Engagement_-_2025-07-01.pdf and https://latitudeaccountants.com.au/wp-content/uploads/2025/06/2026-LA-Charge-Out-Rates.pdf and https://kpalaw.com.au/time-billing/

Upscaling the EM figures by the CPA Australia cost per hour generates a cost to business in 2029–30 of $1,660 million (low case) to $2,330 million (high case), rounded to nearest $10 million.

The EM estimates the business share of total implementation costs to be 65 per cent (EM at p. 197),[4] which is higher than the BCA's estimate of the business share of the total tax increase of 21.3 per cent (see Section 2.1). This may reflect more complex and costly implementation and restructuring requirements for business trusts than for non-business trusts. For example, the EM estimates business trust restructuring requires 120 hours of advice, compared with 25 hours required for a non-business trust restructure (EM at p. 193). The EM similarly estimates higher business advice requirements for upfront advice (p. 193) and advice about entering the Excluded Election Trust regime (p. 194).

Notes:

- The estimates are based on the EM midpoint costs, not the range of hours/costs used in the EM (see Table 2, p. 197).
- The above estimate does not include stamp duty. Any applicable stamp duty would further add to these costs.
- The BCA's estimate assumes implementation costs are incurred in the first full year of operation, 2029-30, though these costs could be spread over several years. However, the costs will still be paid regardless of when they occur.

2.3 Ongoing compliance costs

The EM estimates ongoing business compliance costs of $20.1 million per year (EM at p. 197), again based on an hourly cost of $91.54. Upscaling this for the CPA hourly costs (of $250 to $350 per hour) generates a cost increase per year of $50 million to $80 million, rounded to nearest $10 million.

[4] Total implementation costs are $939 million, of which $609 million is for business, which is 65%.

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