

APPENDIX A: POLICY DECISIONS TAKEN SINCE THE 2014-15 BUDGET

Revenue Measures

Table 1: Revenue measures since the 2014-15 Budget^(a)

Page		2013-14 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m
AGRICULTURE						
<i>Department of Agriculture</i>						
106	Changes to agricultural production levies	-	0.1	0.1	0.1	0.1
130	Drought Recovery Concessional Loans Scheme — establishment(b)	-	1.1	3.3	3.4	3.4
	Portfolio total	-	1.2	3.4	3.4	3.5
ATTORNEY-GENERAL'S						
<i>Australian Transaction Reports and Analysis Centre</i>						
135	National Security — additional counter-terrorism funding(b)	-	0.7	5.0	6.2	6.5
	Portfolio total	-	0.7	5.0	6.2	6.5
CROSS PORTFOLIO						
<i>Various Agencies</i>						
130	Drought Recovery Concessional Loans Scheme — establishment(b)	-	-	-	-	-
	Portfolio total	-	-	-	-	-
EDUCATION						
<i>Department of Education</i>						
151	Higher Education Reforms — amendments(b)	-	12.5	-116.5	-159.3	-217.7
	Portfolio total	-	12.5	-116.5	-159.3	-217.7
FOREIGN AFFAIRS AND TRADE						
<i>Department of Foreign Affairs and Trade</i>						
109	Passports issued overseas — surcharge	-	-	6.8	7.2	7.4
	Portfolio total	-	-	6.8	7.2	7.4
HEALTH						
<i>Department of Health</i>						
169	Pharmaceutical Benefits Scheme — new and amended listings(b)	-	nfp	nfp	nfp	nfp
	Portfolio total	-	-	-	-	-
IMMIGRATION AND BORDER PROTECTION						
<i>Australian Customs and Border Protection Service</i>						
110	Japan-Australia Economic Partnership Agreement	-	-110.0	-445.0	-495.0	-540.0
115	Reintroduction of fuel excise indexation — change to the start date	-	-2.0	-	-	-
115	— rounding of excise rates	-	..	..	..	..

Appendix A: Policy decisions taken since the 2014-15 Budget

Table 1: Revenue measures since the 2014-15 Budget^(a) (continued)

Page		2013-14 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m
	IMMIGRATION AND BORDER PROTECTION (continued)					
	<i>Department of Immigration and Border Protection</i>					
110	Partner Visas — increased application charge	-	48.6	102.8	108.3	113.9
	Portfolio total	-	-63.4	-342.2	-386.7	-426.1
	INDUSTRY					
	<i>Department of Industry</i>					
178	Anti-dumping and countervailing system — strengthening(b)	-	0.1	0.2	0.2	0.2
	<i>National Vocational Education and Training Regulator (Australian Skills Quality Authority)</i>					
180	Australian Skills Quality Authority — revised regulatory model(b)	-	-14.5	-14.9	-12.5	-13.2
	Portfolio total	-	-14.4	-14.7	-12.3	-13.1
	INFRASTRUCTURE AND REGIONAL DEVELOPMENT					
	<i>Department of Infrastructure and Regional Development</i>					
187	Concessional Loan to the Australian Capital Territory Government — Mr Fluffy loose-fill asbestos remediation(b)	-	15.3	41.4	41.6	36.5
	<i>National Capital Authority</i>					
188	Paid parking on national land in the suburbs of Parkes, Barton, Russell and Acton (ACT) — revised implementation arrangements(b)	-	-2.9	4.3	5.7	4.7
	Portfolio total	-	12.5	45.7	47.3	41.2
	TREASURY					
	<i>Australian Securities and Investments Commission</i>					
210	Enhanced Public Register of Financial Advisers — establishment(c)	-	2.6	1.2	1.2	1.3
	<i>Australian Taxation Office</i>					
111	Common Reporting Standard for the Automatic Exchange of Financial Account Information	-	-	-	-	*
111	Depreciation of in-house computer software — extension of statutory effective life	-	-	-	140.0	280.0
112	Indirect Tax Concession Scheme — diplomatic and consular concessions	..	-5.0	-1.0	-1.0	-1.0
112	Industry Innovation and Competitiveness Agenda — Employee Share Schemes	-	-	-52.0	-56.0	-88.0
113	International Tax — Investment Manager Regime — element 3	-	-	*	*	*
113	New tax system for managed investment trusts — minor adjustments	-	*	*	*	*
146	Operation Accordion — extension(b)	-	-3.9	-4.0	-	-

Appendix A: Policy decisions taken since the 2014-15 Budget

Table 1: Revenue measures since the 2014-15 Budget^(a) (continued)

Page		2013-14	2014-15	2015-16	2016-17	2017-18
		\$m	\$m	\$m	\$m	\$m
	TREASURY (continued)					
146	Operation Okra(b)	-	-4.8	-4.1	-	-
147	Operation Slipper — Heron Remotely Piloted Aircraft — further extension(b)	-	-0.3	-0.1	-	-
	Personal income tax					
114	– exemption of pay and allowances for Operation Manitou personnel	-	-1.3	-1.3	-	-
114	– exemption of pay and allowances for Operation Palate II personnel	-	..	..	..	-
	Reintroduction of fuel excise indexation					
115	– change to the start date	-	-65.0	-	-	-
115	– rounding of excise rates	-	-10.0	5.0	-	10.0
107	Repeal of the Minerals Resource Rent Tax and related measures	-	*	-	-	-
116	Research and Development tax incentive — amending the start date of the targeting access measure	-	-350.0	-50.0	100.0	-
116	Superannuation — Superannuation Guarantee Charge	-	-	-	-26.3	-27.7
117	Targeted anti-avoidance provision to address certain 'conduit' arrangements	-	-	-	-	-
117	Tax laws — miscellaneous amendments	-	-	..	..	..
117	US Force Posture Initiatives in Australia — Taxation arrangements for United States contractors	-	-	-	-	-
	Portfolio total	-	-437.7	-106.3	157.9	174.6
	Decisions taken but not yet announced	-	30.7	-26.2	24.6	-23.8
	Total impact of revenue measures(d)	-	-457.9	-545.1	-311.7	-447.5

* The nature of the measure is such that a reliable estimate cannot be provided.

.. Not zero, but rounded to zero.

- Nil.

nfp not for publication.

(a) A minus sign before an estimate indicates a reduction in revenue, no sign before an estimate indicates a gain in revenue.

(b) These measures can also be found in the expense measures summary table.

(c) These measures can also be found in the capital measures summary table.

(d) Measures may not add due to rounding.

AGRICULTURE

Changes to agricultural production levies

Revenue (\$m)	2013-14	2014-15	2015-16	2016-17	2017-18
Department of Agriculture	-	0.1	0.1	0.1	0.1
<i>Related expense (\$m)</i>					
<i>Department of Agriculture</i>	-	0.1	0.1	0.1	0.1

The Government has adjusted the rate of the following agricultural production levies and export charges to meet changes in the funding needs of the agricultural industry organisations they support:

- Queen Bees' levy and export charge: reduce the operative rate of the levy and export charge on queen bees to nil, commencing on 1 August 2014.
- Forest growers' levy: increase the overall rate of the levy on privately owned plantation logs from \$0.050 to \$0.055 per cubic metre of logs, commencing on 1 July 2014.

All revenue raised by the levy or export charge is provided directly to fund industry research and development, marketing programmes, and/or industry biosecurity initiatives. Existing capped co-investment arrangements will not change.

CROSS PORTFOLIO

Repeal of the Minerals Resource Rent Tax and related measures

Revenue (\$m)	2013-14	2014-15	2015-16	2016-17	2017-18
Australian Taxation Office	-	*	-	-	-
<i>Related expense (\$m)</i>					
<i>Department of Social Services</i>	-	1,420.8	1,414.3	168.1	-
<i>Australian Taxation Office</i>	960.6	937.9	935.5	922.2	25.8
<i>Department of Human Services</i>	-	6.8	3.5	3.2	1.4
<i>Department of Veterans' Affairs</i>	-	0.2	0.2	0.1	-
<i>Total — Expense</i>	960.6	2,365.7	2,353.6	1,093.7	27.1
<i>Related capital (\$m)</i>					
<i>Australian Taxation Office</i>	-	-	1.5	-	-

The Government has delivered on its commitment to repeal the Minerals Resource Rent Tax (MRRT) and other related measures.

The repeal of the MRRT and other related measures will improve the Budget by more than \$10.0 billion over the forward estimates period and around \$50.0 billion over the next decade.

As a result of Parliamentary negotiations and delays in securing passage of legislation, the following further changes were agreed:

- The MRRT repeal date was delayed to 1 October 2014, providing a small but unquantifiable gain to revenue over the forward estimates period.
- The Schoolkids Bonus will be extended until 31 December 2016. An income limit will be applied to payment of the Schoolkids Bonus, meaning that only families with an annual Adjusted Taxable Income of \$100,000 or less will continue to be eligible from 1 January 2015. Pension recipients who are permanently blind and eligible veterans' families will be exempt from the income limit.
- The Income Support Bonus will be extended until 31 December 2016.
- The Low Income Superannuation Contribution will be extended for contributions made until 2016-17.

The cost to the Budget of extending the Schoolkids Bonus, the Income Support Bonus and the Low Income Super Contribution is \$6.8 billion over the forward estimates period. These changes are offset over the medium term, with the decision to delay the increase in the superannuation guarantee until 1 July 2021.

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The impact on the Budget of this measure is due to the Government's negotiations with the Senate. The Government is committed to putting the Budget on a sustainable trajectory.

Further information can be found in the joint media releases by the Treasurer and the Minister for Finance and Acting Assistant Treasurer on 2 September 2014 and 9 September 2014.

FOREIGN AFFAIRS AND TRADE

Passports issued overseas — surcharge

Revenue (\$m)	2013-14	2014-15	2015-16	2016-17	2017-18
Department of Foreign Affairs and Trade	-	-	6.8	7.2	7.4

The Government will achieve increased revenue of \$21.4 million over three years from 2015-16 by introducing a surcharge on passport applications lodged overseas. The surcharge will be \$100 for adult passports and \$50 for child passports, indexed annually with the Consumer Price Index.

The increased revenue from this measure will be directed by the Government to repair the Budget and fund policy priorities.

IMMIGRATION AND BORDER PROTECTION

Japan-Australia Economic Partnership Agreement

Revenue (\$m)	2013-14	2014-15	2015-16	2016-17	2017-18
Australian Customs and Border Protection Service	-	-110.0	-445.0	-495.0	-540.0

On 8 July 2014 the governments of Australia and Japan signed the Japan-Australia Economic Partnership Agreement. Under the Agreement, both parties agreed to eliminate tariffs on a wide range of goods and provide additional access for investment and services. Australia and Japan are aiming to complete their domestic treaty processes to allow the Agreement to enter into force in early 2015. More than 97 per cent of Australia's exports to Japan will receive preferential access or enter duty-free when the Agreement is fully implemented. This measure is estimated to reduce revenue from tariffs by \$1,590.0 million over the forward estimates period.

Further information can be found in the media release of 8 July 2014 issued by the Minister for Trade and Investment.

Partner Visas — increased application charge

Revenue (\$m)	2013-14	2014-15	2015-16	2016-17	2017-18
Department of Immigration and Border Protection	-	48.6	102.8	108.3	113.9

The Government will increase, by 50 per cent, the visa application charge (VAC) for Partner Visas (subclass 100, 300, 309, 820 and 801) within the Permanent Family Migration stream from 1 January 2015.

The measure is expected to raise \$373.6 million in revenue over four years.

The revenue from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

TREASURY

Common Reporting Standard for the Automatic Exchange of Financial Account Information

Revenue (\$m)	2013-14	2014-15	2015-16	2016-17	2017-18
Australian Taxation Office	-	-	-	-	*

The Government will implement the OECD Common Reporting Standard for the automatic exchange of financial account information from 1 January 2017, with the first exchange of information in 2018. This measure is estimated to deliver a small but unquantifiable revenue gain over the forward estimates period.

The Standard will require banks and other financial institutions to collect and report to the Australian Taxation Office (ATO) financial account information on non-residents. The ATO will exchange this information with the foreign tax authorities of the non-residents. In parallel, the ATO will receive financial account information on Australian residents from other countries' tax authorities. This will help ensure that Australian residents with financial accounts in other countries are complying with Australian tax law and act as a deterrent to tax evasion.

Depreciation of in-house computer software — extension of statutory effective life

Revenue (\$m)	2013-14	2014-15	2015-16	2016-17	2017-18
Australian Taxation Office	-	-	-	140.0	280.0

The Government will increase the period over which capital expenditure on in-house computer software is depreciated from four years to five years, with associated changes to the software development pool rules.

The change to the statutory effective life applies prospectively to in-house software assets that are installed ready for use on or after 1 July 2015, while the change to the deductions allowed for software development pools applies prospectively to expenditure incurred on in-house software that is allocated to a pool in an income year commencing on or after 1 July 2015.

In-house software is computer software, or the right to use computer software, that is acquired or developed for use by the taxpayer and that is not for resale. This includes off-the-shelf software acquired for use by a taxpayer.

This one year increase follows a one and a half year increase to the statutory effective life in the 2008-09 Budget.

This measure is estimated to have a gain to revenue of \$420.0 million over the forward estimates period.

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Indirect Tax Concession Scheme — diplomatic and consular concessions

Revenue (\$m)	2013-14	2014-15	2015-16	2016-17	2017-18
Australian Taxation Office	..	-5.0	-1.0	-1.0	-1.0
<i>Related expense (\$m)</i>					
<i>Department of the Treasury</i>	..	-5.0	-1.0	-1.0	-1.0

The Government has provided indirect tax refunds (including for GST, fuel and alcohol taxes) for certain countries' diplomatic and consular representation under the Indirect Tax Concession Scheme, with effect from the time specified in implementing determinations issued by the Minister for Foreign Affairs. Four countries have received new or upgraded concessions for their diplomatic representation (Indonesia, Azerbaijan, Kosovo and Denmark). Consistent with international practice, these concessions are reciprocal and reviewed periodically.

Over the forward estimates period, the GST refunds of \$8 million are offset by reduced GST payments to the States and Territories. The refunds of non-GST indirect taxes have a negligible cost to the Budget over the forward estimates period.

Industry Innovation and Competitiveness Agenda — Employee Share Schemes

Revenue (\$m)	2013-14	2014-15	2015-16	2016-17	2017-18
Australian Taxation Office	-	-	-52.0	-56.0	-88.0
<i>Related expense (\$m)</i>					
<i>Australian Taxation Office</i>	-	0.2	0.9	0.1	0.1
<i>Related capital (\$m)</i>					
<i>Australian Taxation Office</i>	-	-	2.2	-	-

The Government announced, as part of the Industry Innovation and Competitiveness Agenda, that it will reform the taxation arrangements for employee share schemes.

The changes will bolster entrepreneurship in Australia and support innovative start-up companies.

The Government will reverse the changes made by the previous Government to the taxing point of options in the 2009-10 Budget.

For all companies, discounted options will generally be taxed when they are exercised (converted to shares), rather than when they vest (the employee receives the options).

In addition, for eligible unlisted start-ups, options or shares that are provided at a small discount will generally not be subject to tax until they are sold.

The measure will take effect from 1 July 2015 and will have an estimated cost to the Budget of \$199.6 million over the forward estimates period.

Further information can be found in the media release of 14 October 2014 issued jointly by the Prime Minister, the Treasurer and the Minister for Small Business.

International Tax — Investment Manager Regime — element 3

Revenue (\$m)	2013-14	2014-15	2015-16	2016-17	2017-18
Australian Taxation Office	-	-	*	*	*

The Government will introduce the third and final tranche of the Investment Manager Regime (IMR), which will provide a tax exemption on the gains of widely held foreign funds that have invested in certain financial arrangements in Australia.

Under this measure, the Government will introduce a regime that exempts from tax the returns or gains made from the disposal of interests in certain Australian assets (notably those not related to land). In doing so, the measure addresses the uncertainty faced by foreign funds with respect to certain types of passive investment in Australia.

The measure facilitates the broader goal of the IMR, which is to attract mobile capital, encourage foreign investment and promote Australia as a financial services centre in the Asia Pacific region.

The measure will apply from the 2015-16 income year but with an option for investors to apply the legislation from the 2011-12 income year and is estimated to have an unquantifiable cost to revenue over the forward estimates period.

New tax system for managed investment trusts — minor adjustments

Revenue (\$m)	2013-14	2014-15	2015-16	2016-17	2017-18
Australian Taxation Office	-	*	*	*	*

The Government will clarify aspects of the new tax system for managed investment trusts (MITs) to provide greater certainty and reduce compliance costs for investors.

The measure will make the following minor changes to the new tax system for MITs:

- better target the arm's length rule to transactions most likely to give rise to tax integrity risks; and
- better target the circumstances in which an administrative penalty for a breach of the new 'unders and overs' rules may apply and reduce the compliance costs of remedying the breach.

These changes will take effect from the start of the new tax system for MITs (1 July 2015).

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The measure will also clarify the treatment of tax deferred distributions paid by MITs and treat foreign life insurance companies as a specified entity for the purposes of the MIT widely held test.

The tax deferred distribution change will have effect from 1 July 2011, with the Commissioner of Taxation being prevented from making related amendments to assessments for earlier periods. The retrospective application will benefit taxpayers by providing certainty that the longstanding industry treatment of tax deferred distributions will continue.

The inclusion of foreign life insurance companies in the specified entity list will have effect from 1 July 2014.

The measure is expected to have a small but unquantifiable cost to revenue over the forward estimates period.

Personal income tax — exemption of pay and allowances for Operation Manitou personnel

Revenue (\$m)	2013-14	2014-15	2015-16	2016-17	2017-18
Australian Taxation Office	-	-1.3	-1.3	-	-

The Government will provide a full income tax exemption for the pay and allowances of Australian Defence Force personnel deployed on Operation Manitou. This income tax exemption will be backdated to have effect from 1 July 2014, and will remain in effect until 30 June 2015. This measure is expected to lead to a reduction in revenue of \$2.6 million over two years.

Personal income tax — exemption of pay and allowances for Operation Palate II personnel

Revenue (\$m)	2013-14	2014-15	2015-16	2016-17	2017-18
Australian Taxation Office	-	-

The Government has extended the income tax exemption for base pay and allowances paid to Australian Defence Force personnel deployed on Operation Palate II until 31 December 2015. This measure is estimated to have a negligible cost to revenue over the forward estimates period.

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Reintroduction of fuel excise indexation — change to the start date

Revenue (\$m)	2013-14	2014-15	2015-16	2016-17	2017-18
Australian Customs and Border Protection Service	-	-2.0	-	-	-
Australian Taxation Office	-	-65.0	-	-	-
Total — Revenue	-	-67.0	-	-	-
<i>Related expense (\$m)</i>					
Department of Industry	-	-0.4	-	-	-
Department of the Treasury	-	-2.0	-	-	-
Australian Taxation Office	-	-30.0	-	-	-
Total — Expense	-	-32.4	-	-	-

The Government has changed the start date for the reintroduction of fuel excise indexation from 1 August 2014 to 10 November 2014.

This measure is estimated to have a cost to the Budget of \$34.6 million over the forward estimates period. This consists of a cost to revenue of \$67.0 million from reduced excise collections and a reduction in expenses of \$32.4 million, mainly attributable to reduced fuel tax credit payments.

The impact on the Budget of this measure is due to the Government's negotiations with the Senate. The Government is committed to putting the Budget on a sustainable trajectory.

Further information can be found in the press release of 28 October 2014 issued by the Minister for Finance and Acting Assistant Treasurer.

Reintroduction of fuel excise indexation — rounding of excise rates

Revenue (\$m)	2013-14	2014-15	2015-16	2016-17	2017-18
Australian Customs and Border Protection Service	-
Australian Taxation Office	-	-10.0	5.0	-	10.0
Total — Revenue	-	-10.0	5.0	..	10.0
<i>Related expense (\$m)</i>					
Australian Taxation Office	-	-	10.0	5.0	10.0

The Government will round the fuel excise rate, the excise-equivalent duty rate and the Road User Charge to three decimal places where the fuel excise rates are specified in dollars per litre or, for liquefied natural gas and compressed natural gas, in dollars per kilogram. The equivalent rounding in cents per litre or cents per kilogram terms will be to one decimal place.

The Government has made these changes in order to simplify the reporting burden placed on businesses.

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This measure is estimated to have a cost to the Budget of \$20.0 million over the forward estimates period due to the increase in fuel tax credit payments.

Research and Development tax incentive — amending the start date of the targeting access measure

Revenue (\$m)	2013-14	2014-15	2015-16	2016-17	2017-18
Australian Taxation Office	-	-350.0	-50.0	100.0	-

The start date of the previous Government's 2013-14 Budget measure, *A Plan for Australian Jobs – Research and Development tax incentive – better targeting*, will be delayed. This measure will remove access to the R&D tax incentive for companies with annual aggregated assessable income of \$20 billion or more.

The start date of the measure will be delayed from income years commencing on or after 1 July 2013 to income years commencing on or after 1 July 2014.

The impact on the Budget of this measure is due to the Government's negotiations with the Senate. The Government is committed to putting the Budget on a sustainable trajectory.

This measure to delay the start date is estimated to have a cost to revenue of \$300.0 million over the forward estimates period.

Superannuation — Superannuation Guarantee Charge

Revenue (\$m)	2013-14	2014-15	2015-16	2016-17	2017-18
Australian Taxation Office	-	-	-	-26.3	-27.7
<i>Related expense (\$m)</i>					
Australian Taxation Office	-	-	0.9	-26.1	-27.7
<i>Related capital (\$m)</i>					
Australian Taxation Office	-	-	1.1	-	-

The Government will provide \$2.2 million over four years to the Australian Taxation Office to implement changes, to apply from 1 July 2016, that will simplify the application of the current Superannuation Guarantee (SG) Charge for the late or short payment of superannuation contributions.

The current SG Charge arrangements will be amended to:

- align the nominal interest on unpaid SG contributions with the period over which SG contributions are outstanding;
- replace the current earnings base for calculating the SG charge (total salary and wages) with the base used to calculate SG contributions (ordinary time earnings); and

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- align the penalties imposed under the SG legislation with the general tax penalty provisions.

Targeted anti-avoidance provision to address certain 'conduit' arrangements

Revenue (\$m)	2013-14	2014-15	2015-16	2016-17	2017-18
Australian Taxation Office	-	-	-	-	-

The Government will not proceed with a targeted anti-avoidance provision to address certain 'conduit' arrangements involving foreign multinational enterprises, first announced in the 2013-14 MYEFO.

The revenue associated with the original measure, as announced by the previous Government in the 2013-14 Budget, is unrealisable given the flexibility that the thin capitalisation safe harbour limits (which regulates level of allowable debt in Australia of a multinational enterprise) affords for legitimate restructuring.

Tax laws — miscellaneous amendments

Revenue (\$m)	2013-14	2014-15	2015-16	2016-17	2017-18
Australian Taxation Office	-	-

The Government will make a series of minor amendments to the tax and superannuation laws to correct technical defects, remove anomalies and address unintended outcomes that have recently been identified. This measure is estimated to have a negligible impact on revenue over the forward estimates period.

These changes are part of the Government's commitment to the care and maintenance of the taxation and superannuation systems.

US Force Posture Initiatives in Australia — Taxation arrangements for United States contractors

Revenue (\$m)	2013-14	2014-15	2015-16	2016-17	2017-18
Australian Taxation Office	-	-	-	-	-

On 12 August 2014, the governments of Australia and the United States signed *The Force Posture Agreement between the Government of Australia and the Government of the United States of America*. The Agreement provides an exemption from Australian tax for United States contractors working on United States military force posture initiatives in Australia. This measure is estimated to have no revenue impact over the forward estimates period.

