

APPENDIX A: POLICY DECISIONS TAKEN SINCE THE 2015-16 BUDGET

Revenue Measures

Table 1: Revenue measures since the 2015-16 Budget^(a)

Page		2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m
AGRICULTURE AND WATER RESOURCES						
<i>Department of Agriculture and Water Resources</i>						
105	Changes to agricultural production levies	-	0.4	0.9	0.9	0.9
144	Stronger Farmers, Stronger Economy — new drought management framework(b)	-	-	-	-	-
	Portfolio total	-	0.4	0.9	0.9	0.9
ATTORNEY-GENERAL'S						
<i>Australian Transaction Reports and Analysis Centre</i>						
106	AUSTRAC — industry contribution	-	-	6.7	-	-
	Portfolio total	-	-	6.7	-	-
CROSS PORTFOLIO						
<i>Various Agencies</i>						
107	Financial Stability Fund — not proceeding	-	-405.9	-318.8	-332.8	-397.9
	Portfolio total	-	-405.9	-318.8	-332.8	-397.9
EDUCATION AND TRAINING						
<i>Department of Education and Training</i>						
115	Applying a General Interest Charge to the Debts of Ex-recipients of Social Security and Family Assistance Payments	-	-	0.6	0.2	0.1
159	Curtin University Medical School — establishment(b)	-	-	0.6	1.9	3.6
108	Department of Education and Training — charging opportunities	-	0.4	1.3	2.9	3.6
109	Higher Education Loan Programme — strengthened compliance	-	0.6	1.5	2.0	2.3
160	Higher Education Reform — delay(b)	-	275.0	287.4	-28.8	-50.1
164	VET FEE-HELP — strengthened compliance(b)	-	85.4	95.6	25.2	35.4
	Portfolio total	-	361.5	386.9	3.4	-5.3
ENVIRONMENT						
<i>Clean Energy Regulator</i>						
110	Renewable Energy Target — amendments	-	-	-	-0.1	-0.3
<i>Department of the Environment</i>						
110	Revised Charging Arrangements	-	-	0.3	1.0	1.0
	Portfolio total	-	-	0.3	0.9	0.8

Appendix A: Policy decisions taken since the 2015-16 Budget

Table 1: Revenue measures since the 2015-16 Budget^(a) (continued)

Page		2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m
	FINANCE					
	<i>Department of Finance</i>					
177	National Innovation and Science Agenda — Biomedical Translation Fund(b)	-	-2.4	-9.0	-9.6	-10.1
	Portfolio total	-	-2.4	-9.0	-9.6	-10.1
	FOREIGN AFFAIRS AND TRADE					
	<i>Department of Foreign Affairs and Trade</i>					
230	Refurbishment of the Paris Chancery(c)	-	-	-	-	-
	Portfolio total	-	-	-	-	-
	HEALTH					
	<i>Department of Health</i>					
172	Aged Care Provider Funding — improved compliance(b)	-	-	0.4	0.4	0.4
214	National Disability Insurance Scheme — transition to full Scheme(b)	-	-376.7	34.8	22.3	13.8
178	Pharmaceutical Benefits Scheme — new and amended listings(b)	-	nfp	nfp	nfp	nfp
183	Smaller Government — Health Portfolio(b)	-	-	0.2	0.2	0.2
	<i>Independent Hospital Pricing Authority</i>					
183	Smaller Government — Health Portfolio(b)	-	-	-0.2	-0.2	-0.2
	Portfolio total	-	-376.7	35.3	22.7	14.3
	IMMIGRATION AND BORDER PROTECTION					
	<i>Department of Immigration and Border Protection</i>					
112	China–Australia Free Trade Agreement Our North, Our Future	-	-610.0	-1,070.0	-1,210.0	-1,260.0
199	– business, trade and investment gateway(b)	-	-	-	-	-
113	– workforce for growth	-	-	-	-	-
190	Syrian and Iraqi Humanitarian Crisis(b)	-	0.1	0.4	0.5	0.5
	Portfolio total	-	-609.9	-1,069.6	-1,209.5	-1,259.5
	INFRASTRUCTURE AND REGIONAL DEVELOPMENT					
	<i>Department of Infrastructure and Regional Development</i>					
114	Adelaide Airport Noise Amelioration Levy — not proceeding	-	-2.5	-	-	-
	<i>National Capital Authority</i>					
114	National Capital Authority — increase in development approval fees	-	0.4	0.5	0.5	0.5
	Portfolio total	-	-2.1	0.5	0.5	0.5

Appendix A: Policy decisions taken since the 2015-16 Budget

Table 1: Revenue measures since the 2015-16 Budget^(a) (continued)

Page		2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m
	SOCIAL SERVICES					
	<i>Department of Social Services</i>					
115	Applying a General Interest Charge to the Debts of Ex-recipients of Social Security and Family Assistance Payments	-	-	26.4	10.6	4.7
	<i>National Disability Insurance Agency</i>					
214	National Disability Insurance Scheme — transition to full Scheme(b)	-	0.1	287.7	326.6	265.0
	Portfolio total	-	0.1	314.0	337.2	269.8
	TREASURY					
	<i>Australian Taxation Office</i>					
	Capital gains tax					
116	– changes to the foreign resident capital gains tax withholding regime	-	-	5.0	10.0	10.0
117	– exemption for Norfolk Island residents	-	-
117	– relief to protect superannuation fund members	-	*	*	*	*
117	Common Reporting Standard for the Automatic Exchange of Financial Account Information — revised implementation	-	-	-	-	-
118	Indirect Tax Concession Scheme — diplomatic and consular concessions	-
118	International tax — revised double taxation agreement with Germany	-	-	-15.0	-35.0	-35.0
119	Managed investment trusts — adjustments to the new tax system	-	-	*	*	*
	National Innovation and Science Agenda					
119	– increasing access to company losses	-	-	*	*	*
120	– intangible asset depreciation	-	-	-	-20.0	-60.0
120	– new arrangements for venture capital investment	-	-	-	*	*
121	– tax incentives for angel investors	-	-	-	-50.0	-50.0
216	Parental Leave Pay — revised arrangements(b)	-	-	-	50.0	50.0
122	Reducing red tape — improvements to data and analytics infrastructure of the Australian Taxation Office	-	-	60.0	74.0	88.0
	Stronger Farmers, Stronger Economy					
122	– accelerated depreciation for primary producers — bring forward of start date	-	-	-	-	-
123	– Farm Management Deposits — allow use as loan offset for primary production business loans	-	-	-	-	-
123	– Farm Management Deposits — double the deposit limit to \$800,000	-	-	-	-	-
124	– Farm Management Deposits — early access in times of drought	-	-	-	-	-
124	– tax averaging for primary producers — allowing re-access	-	-	-	*	*

Appendix A: Policy decisions taken since the 2015-16 Budget

Table 1: Revenue measures since the 2015-16 Budget^(a) (continued)

Page		2014-15	2015-16	2016-17	2017-18	2018-19
		\$m	\$m	\$m	\$m	\$m
	TREASURY (continued)					
190	Syrian and Iraqi Humanitarian Crisis(b)	-	2.9	18.5	27.0	32.7
125	Tax administration — Single Touch Payroll Reporting	-	-	-	58.5	208.9
126	Tax compliance — improving compliance through third party reporting and data matching — delayed start	-	-	-	-86.4	86.4
126	Taxation treatment of biodiesel — extension of phase-in for new arrangements	-	-	-3.0	-6.0	-8.0
	<i>Department of the Treasury</i>					
116	Australian Reinsurance Pool Corporation — payments to the Commonwealth	-	-	35.0	35.0	90.0
	Portfolio total	-	2.9	100.5	57.1	413.0
	Decisions taken but not yet announced	-	41.6	60.7	269.1	277.6
	Total impact of revenue measures(d)	-	-990.6	-491.7	-860.1	-696.0

* 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 AND WATER RESOURCES

Changes to agricultural production levies

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Agriculture and Water Resources	-	0.4	0.9	0.9	0.9
<i>Related expense (\$m)</i>					
<i>Department of Agriculture and Water Resources</i>	-	0.4	0.9	0.9	0.9

The Government will make changes to the following agricultural levies and export charges to meet changes in the funding needs of the agricultural industry and the industry organisations they support:

- Sweet Potato levy: The Government will introduce a statutory marketing levy and export charge of one per cent of the sale price on all sweet potato sales from 1 January 2016. This levy will be introduced at the request of the Australian Sweetpotato Growers' Association to facilitate the implementation of the Australian sweet potato industry's 2013-2016 Strategic Marketing Plan.
- Chestnut levy: The Government will increase the Emergency Plant Pest Response Levy and Charge from nil to one cent per kilogram from 1 January 2016. This increase is to repay the chestnut industry's liability associated with commitments under the Emergency Plant Pest Response Deed, incurred through an emergency response to eradicate chestnut blight.

ATTORNEY-GENERAL'S

AUSTRAC — industry contribution

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Transaction Reports and Analysis Centre	-	-	6.7	-	-

The Government will raise \$6.7 million in revenue in 2016-17, by increasing the industry contribution to 100 per cent of the Australian Transaction Reports and Analysis Centre (AUSTRAC) operating expenditure.

This measure will continue the efficiency and deregulatory benefits for business, with only the largest reporting entities required to contribute towards AUSTRAC's expenses.

This builds on the 2014-15 Budget measure titled *Australian Transaction Reports and Analysis Centre – industry contribution*.

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

CROSS PORTFOLIO

Financial Stability Fund — not proceeding

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Various Agencies	-	-405.9	-318.8	-332.8	-397.9
<i>Related expense (\$m)</i>					
<i>Department of the Treasury</i>	-	-0.2	-0.6	-1.1	-1.6

The measure results in the Government not proceeding with the *Establishment of a Financial Stability Fund* first announced in the 2013 *Economic Statement*. This measure is estimated to have a \$1.5 billion cost to revenue over the forward estimates period.

This measure formed part of the Government's response to the Financial System Inquiry and adopts a key recommendation made by the panel. Proceeding with the establishment of a Financial Stability Fund as designed would have damaged competition in the banking sector by putting regional and community banks at a disadvantage relative to major banks, further disadvantaging hard working Australians.

Further information can be found in the joint press release of 1 September 2015 issued by the former Prime Minister and former Treasurer.

EDUCATION AND TRAINING

Department of Education and Training — charging opportunities

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Education and Training	-	0.4	1.3	2.9	3.6
<i>Related expense (\$m)</i>					
<i>Department of Education and Training</i>	-	0.3	0.8	1.0	1.3

The Government will raise \$8.1 million over four years from 2015-16 through the introduction of fees and charges for some services provided by the Department of Education and Training. This includes:

- introducing an administration fee for Trades Recognition Australia approved Registered Training Organisations for skills assessments undertaken;
- introducing a licensing fee for vocational education and training courses developed for delivery to international students; and
- changing the Higher Education Statistics Collection charging rate for customised data requests.

The Government will provide \$5.4 million over four years from 2015-16 to implement these arrangements. Costs of \$2.1 million will be met from within the existing resources of the Department of Education and Training.

The Government will also provide \$0.4 million in 2015-16 to enable consultation and research to be undertaken into charging fees for the provision of technical advice relating to the development of vocational education and training systems internationally. The cost will be met from within the existing resources of the Department of Education and Training.

Appendix A: Policy decisions taken since the 2015-16 Budget

Higher Education Loan Programme — strengthened compliance

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Education and Training	-	0.6	1.5	2.0	2.3
<i>Related expense (\$m)</i>					
Department of Education and Training	-	0.1	..	0.1	..
Australian Taxation Office	-	-	-	1.0	0.9
Total — Expense	-	0.1	..	1.1	0.9
<i>Related capital (\$m)</i>					
Australian Taxation Office	-	1.6	..	-	-

The Government will provide \$3.8 million over four years from 2015-16 to strengthen the compliance and enforcement arrangements for the recovery of Higher Education Loan Programme (HELP) debts from Australians living overseas. The HELP debt recovery arrangements will also apply to Trade Support Loan debtors residing overseas.

From 2016-17, compliance arrangements will be introduced to support the recovery of overseas HELP debts. These arrangements will include using data matching with international agencies to identify debtors working overseas, registration of debtors who do not register voluntarily and financial penalties for non-compliance. This is estimated to recover \$6.3 million over four years from 2015-16.

This measure extends the 2015-16 Budget measure titled *Higher Education Loan Programme – recovery of repayments from overseas debtors*.

ENVIRONMENT

Renewable Energy Target — amendments

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Clean Energy Regulator	-	-	-	-0.1	-0.3
<i>Related expense (\$m)</i>					
<i>Clean Energy Regulator</i>	-	-	-	-0.1	-0.2

The Government has amended the Renewable Energy Target (RET) to better reflect electricity market conditions and provide certainty to the renewable energy industry. The changes include:

- amending the annual targets under the Large-scale Renewable Energy Target (LRET) to 33,000 gigawatt hours in 2020;
- replacing the previous partial exemptions for electricity used in emissions-intensive trade-exposed activities with a full exemption;
- removing the statutory requirement for biennial reviews of the RET; and
- reinstating biomass from native forest wood waste as an eligible source of renewable energy.

This measure will reduce revenue by \$0.4 million over two years from 2017-18 as fewer LRET certificates will be created.

Further information can be found in the press release of 23 June 2015 issued by the Minister for the Environment.

Revised Charging Arrangements

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of the Environment	-	-	0.3	1.0	1.0
<i>Related expense (\$m)</i>					
<i>Department of the Environment</i>	-	-

The Government will move to full cost recovery of services provided by the Department of the Environment in administering the *Hazardous Waste (Regulation of Exports and Imports) Act 1989* and associated Regulations. The move from partial to full cost recovery will be implemented through a staged increase to the fees charged for Hazardous Waste Permits commencing from 1 July 2016 before reaching full cost recovery after 1 July 2017. This is estimated to increase net revenue by \$3.1 million over four years.

Appendix A: Policy decisions taken since the 2015-16 Budget

The Government will also cease cost recovery arrangements for the Australian Bird and Bat Banding Scheme, as the administrative cost of collecting the fees exceeds the revenue being collected. This will have nil Budget impact.

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

IMMIGRATION AND BORDER PROTECTION

China–Australia Free Trade Agreement

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Immigration and Border Protection	-	-610.0	-1,070.0	-1,210.0	-1,260.0

On 17 June 2015, the governments of Australia and China signed the China-Australia Free Trade Agreement. Under the Agreement, both parties agreed to eliminate tariffs on a wide range of goods. Both parties are aiming to complete their respective domestic processes so as to give effect to the Agreement from December 2015. This measure is estimated to have a cost to revenue from tariffs of \$4.2 billion over the forward estimates period.

Further information can be found in the joint press release of 17 June 2015 issued by the former Prime Minister and the Minister for Trade and Investment.

The cost to revenue of this measure has already been accounted for by the Government. Going forward, the Government has decided to not offset the revenue impacts of free trade agreements. This decision has been taken because the Government believes there should not be domestic tax increases or reductions in domestic spending to offset the revenue impact of free trade agreements that provide benefits to Australian businesses and consumers.

Our North, Our Future — workforce for growth

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Immigration and Border Protection	-	-	-	-	-
<i>Related expense (\$m)</i>					
<i>Department of Immigration and Border Protection</i>	-	-	-	-	-
<i>Department of Foreign Affairs and Trade</i>	-	-	-	-	-
<i>Office of the Fair Work Ombudsman</i>	-	-	-	-	-
<i>Department of Education and Training</i>	-	-	-	-	-
<i>Department of Employment</i>	-	-	-	-	-
<i>Total — Expense</i>	-	-	-	-	-
<i>Related capital (\$m)</i>					
<i>Department of Immigration and Border Protection</i>	-	-	-	-	-

The Government will raise \$17.3 million in revenue over four years (with related capital expenses of \$1.9 million and departmental expenses of \$0.1 million in 2015-16) by changing visa arrangements to support a northern workforce for future growth. This measure will provide businesses in northern Australia with a more adaptable and mobile workforce and will include:

- enabling Work and Holiday (subclass 462) visa holders to acquire a second visa if they undertake three months work in tourism, hospitality or agricultural industries in northern Australia;
- expanding the seasonal worker programme to better respond to industry demand;
- leveraging off designated area migration agreements to support economic performance and workforce strategies in northern Australia;
- broadening the availability of the Industry Skills Fund to enterprises seeking to expand their operations in northern Australia;
- enabling Working Holiday Maker visa holders to perform 12 months work with the same employer in certain industries in northern Australia; and
- establishing a pilot programme to provide citizens of the Pacific microstates of Kiribati, Nauru and Tuvalu with access to a two year work visa.

Funding for this measure has already been provided for by the Government.

This measure is part of the Government's *White Paper on Developing Northern Australia*.

INFRASTRUCTURE AND REGIONAL DEVELOPMENT

Adelaide Airport Noise Amelioration Levy — not proceeding

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Infrastructure and Regional Development	-	-2.5	-	-	-
<i>Related expense (\$m)</i>					
<i>Department of Infrastructure and Regional Development</i>	-	-2.5	-	-	-

The Government will not impose an aircraft noise levy at Adelaide Airport under the *Aircraft Noise Levy Act 1995* and the *Aircraft Noise Levy Collection Act 1995* in order to fund insulation at St Nicholas Greek Orthodox Church at Thebarton in Adelaide.

Imposition of the levy, which was a 2013-14 Budget measure, is no longer required as the cost of insulating the St Nicholas Greek Orthodox Church is lower than expected. The Government will instead offset this cost from savings of \$2.5 million in 2015-16 within the Community Development Grants Fund.

National Capital Authority — increase in development approval fees

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
National Capital Authority	-	0.4	0.5	0.5	0.5
<i>Related expense (\$m)</i>					
<i>National Capital Authority</i>	-	0.4	0.5	0.5	0.5

The Government will increase the development approval fees charged by the National Capital Authority (NCA) in order to fully cover the costs of providing the service. The NCA will continue to retain all revenue raised from development approval fees. The development approval fees had not been reviewed since 1992 and currently cover only around 65 per cent of the cost of delivering the service.

SOCIAL SERVICES

Applying a General Interest Charge to the Debts of Ex-recipients of Social Security and Family Assistance Payments

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Social Services	-	-	26.4	10.6	4.7
Department of Education and Training	-	-	0.6	0.2	0.1
Total — Revenue	-	-	27.0	10.8	4.8
<i>Related expense (\$m)</i>					
<i>Department of Human Services</i>	-	5.5	9.4	1.0	1.0
<i>Department of Social Services</i>	-	-	0.5	0.6	0.3
<i>Administrative Appeals Tribunal</i>	-	-
<i>Department of Education and Training</i>	-	-	-	-	-
Total — Expense	-	5.5	9.9	1.6	1.2

The Government will achieve savings of \$24.4 million over four years by introducing a general interest charge from 1 July 2016. This will align the treatment of social security and family assistance debts for ex-recipients with that of tax debts. This measure is expected to improve the underlying cash balance by \$416.5 million over four years from 2015-16 due to outstanding debt being repaid by ex-recipients.

Ex-recipient debtors will be notified of their debt and have 28 days to enter into and remain in an acceptable payment arrangement with the Department of Human Services. For debts where no arrangement has been made, the general interest charge will be set at the rate of the 90 day Bank Accepted Bill rate plus a 7 per cent penalty rate. This is consistent with arrangements for tax debts set by the Australian Taxation Office.

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

TREASURY

Australian Reinsurance Pool Corporation — payments to the Commonwealth

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of the Treasury	-	-	35.0	35.0	90.0

The Australian Reinsurance Pool Corporation (ARPC) will pay an additional fee from 2016-17 to ensure that the Australian Government receives fair compensation for allowing the ARPC to retain capital to fund a potential claim.

This measure relates to the 2014-15 Budget measure titled *Australian Reinsurance Pool Corporation – assess future options*.

Capital gains tax — changes to the foreign resident capital gains tax withholding regime

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	5.0	10.0	10.0

Following targeted consultation, the Government will refine part of the measure, *Protecting the corporate tax base from erosion and loopholes – improving the integrity of the foreign resident capital gains tax regime*, announced in the 2013-14 Budget. From 1 July 2016, the exemption for low-value residential property transactions will be extended to all transactions relating to direct property interests. The threshold will also be reduced from \$2.5 million to \$2.0 million. This measure is estimated to have a gain to revenue of \$25.0 million over the forward estimates period.

This measure also introduces a clearance certification process for transactions involving direct property interests and shares in a company that confer a right to occupy real property owned by the company. This will be administered by the Australian Taxation Office and will provide greater certainty for involved parties.

These refinements will ensure that the withholding tax operates effectively to maintain the integrity of Australia's foreign resident capital gains tax regime. This measure is part of the Government's broader commitment to increase scrutiny and transparency of foreign investment in Australia. Further information can be found in the press release of 8 July 2015 issued by the former Minister for Small Business and Acting Treasurer.

Capital gains tax — exemption for Norfolk Island residents

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-

The Government will provide a full capital gains tax (CGT) exemption on assets held by Norfolk Island residents prior to 24 October 2015. This will apply to those assets that were exempt from CGT before Norfolk Island was fully brought within Australia's income tax system, due to the holder's Norfolk Island residency. This measure is estimated to have a negligible cost to revenue over the forward estimates period.

Capital gains tax — relief to protect superannuation fund members

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	*	*	*	*

The Government will provide capital gains tax roll-over relief for mandatory transfers within a fund in the transition to MySuper. This will ensure that superannuation fund members are not disadvantaged when their benefits are transferred in transitioning to MySuper. This measure is estimated to have an unquantifiable cost to revenue over the forward estimates period.

Capital gains tax roll-over relief will be available for mandatory transfers made from 29 June 2015 to 1 July 2017. This measure ensures that mandatory transfers to MySuper products in another fund and within the same fund are treated similarly.

Further information can be found in the press release of 29 June 2015 issued by the former Assistant Treasurer.

Common Reporting Standard for the Automatic Exchange of Financial Account Information — revised implementation

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	-	-	-

The Government will implement the *Common Reporting Standard for the Automatic Exchange of Financial Account Information* ('the Standard') announced in the *Mid-Year Economic and Fiscal Outlook 2014-15* from 1 July 2017. The initial exchange of information with foreign tax authorities will take place in 2018.

Appendix A: Policy decisions taken since the 2015-16 Budget

Under the previously announced arrangements, financial institutions had the option of voluntary implementation from 1 January 2017 or mandatory implementation from 1 January 2018. Following targeted consultation, it was identified that the majority of institutions were able to implement the measure from 1 July 2017 without significant additional compliance costs. This change is estimated to have no impact on revenue over the forward estimates.

The Standard will assist in addressing tax evasion by enabling tax authorities to more effectively match the identity of taxpayers and checking this information against tax returns.

Indirect Tax Concession Scheme — diplomatic and consular concessions

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-
<i>Related expense (\$m)</i>					
Department of the Treasury	-

The Government has extended access to refunds of indirect tax (including for GST, fuel and alcohol taxes) under the Indirect Tax Concession Scheme in respect of the diplomatic and consular representation of Columbia, Japan and Pakistan. Consistent with international practice, these concessions are reciprocal and reviewed periodically.

These changes will have effect from the time specified in a determination to be issued by the Minister for Foreign Affairs.

The refunds are estimated to have a negligible cost to the Budget over the forward estimates period.

International tax — revised double taxation agreement with Germany

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	-15.0	-35.0	-35.0

The Government signed a new tax treaty with Germany on 12 November 2015. The treaty will enter into force after both countries complete their domestic implementation requirements and instruments of ratification are exchanged. This measure is estimated to have a cost to revenue of \$85.0 million over the forward estimates period.

The treaty will replace the 1972 double taxation agreement between Australia and Germany, modernising the treaty according to international standards, particularly on efforts to reduce tax evasion and avoidance. The treaty will reduce tax barriers to the cross-border movement of people, capital and technology, and over time help boost trade and investment flows between Australia and Germany. In particular, the measure will reduce withholding tax on dividends, interest and royalty payments.

Appendix A: Policy decisions taken since the 2015-16 Budget

Further information can be found in the joint press release of 13 November 2015 issued by the Treasurer and Finance Minister.

Managed investment trusts — adjustments to the new tax system

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	*	*	*

Following consultation, the Government has made changes to finalise the legislation to introduce a new tax system for managed investment trusts (MITs). The changes were included in the legislation introduced into Parliament on 3 December 2015.

A MIT is a type of collective investment vehicle that is widely held and undertakes primarily passive investment.

These changes generally apply from the start date of the new tax system, from 1 July 2016. MITs can choose to apply the new tax system from 1 July 2015.

The measure is expected to have an unquantifiable cost to revenue over the forward estimates period.

National Innovation and Science Agenda — increasing access to company losses

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	*	*	*

The Government will allow more unit trusts with securities quoted on the ASX which are widely held and companies to access past year losses where there has been a majority change in ownership since making the losses and they have entered into new transactions or business activities. The current 'same business test' will be replaced by a more flexible 'predominately similar business test'.

The new arrangements will apply to losses made in the 2015-16 or future income years and have an unquantifiable cost to revenue.

This measure will ensure that loss making companies are not disadvantaged for seeking new business opportunities in an effort to return to profitability.

This measure forms part of the Government's National Innovation and Science Agenda, which will drive the smart ideas that create business growth, local jobs and global success. Further information on the Agenda can be found in the brochure of 7 December 2015 released by the Prime Minister and the Minister for Industry, Innovation and Science.

Appendix A: Policy decisions taken since the 2015-16 Budget

National Innovation and Science Agenda — intangible asset depreciation

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	-	-20.0	-60.0

The Government will allow taxpayers to self-assess the tax effective life of some intangible assets such as patents, copyright and registered designs. Unlike most tangible assets, intangible assets with a statutory effective life cannot currently be self-assessed to bring the tax effective life in line with the economic life of the asset. This can reduce the depreciation deduction in the early years for investors. This measure helps align the treatment of intangible assets with tangible assets.

This measure will apply to assets acquired from 1 July 2016.

Taxpayers will continue to have the option to use the existing statutory effective life when depreciating intangible assets.

This measure is estimated to have a cost to revenue of \$80.0 million over the forward estimates period.

This measure forms part of the Government's National Innovation and Science Agenda, which will drive the smart ideas that create business growth, local jobs and global success. Further information on the Agenda can be found in the brochure of 7 December 2015 released by the Prime Minister and the Minister for Industry, Innovation and Science.

National Innovation and Science Agenda — new arrangements for venture capital investment

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	-	*	*

The Government will make changes to the Early Stage Venture Capital Limited Partnership (ESVCLP) and Venture Capital Limited Partnership (VCLP) regimes to improve access to capital and make the regimes more user-friendly.

Investments in new ESVCLPs will be eligible for a tax offset of 10 per cent of the value of new capital invested during the income year, and the maximum fund size for new ESVCLPs will be increased to \$200 million from \$100 million.

Changes will also be made to both new and existing ESVCLPs and VCLPs to clarify existing arrangements and allow a wider range of investment activities.

These changes will have effect from the date of Royal Assent of the enabling legislation. This measure is expected to have an unquantifiable cost to revenue over the forward estimates period.

Appendix A: Policy decisions taken since the 2015-16 Budget

This measure forms part of the Government's National Innovation and Science Agenda, which will drive the smart ideas that create business growth, local jobs and global success. Further information on the Agenda can be found in the brochure of 7 December 2015 released by the Prime Minister and the Minister for Industry, Innovation and Science.

National Innovation and Science Agenda — tax incentives for angel investors

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	-	-50.0	-50.0
<i>Related expense (\$m)</i>					
Australian Taxation Office	-	-	1.0	1.1	1.3
<i>Related capital (\$m)</i>					
Australian Taxation Office	-	-	2.1	-	-

The Government will introduce a tax incentive for investors which will provide concessional tax treatment for investments made in a range of innovative start-up companies with high growth potential.

The new tax incentive will provide investors with:

- a 20 per cent non-refundable tax offset based on the investment amount, capped at \$200,000 per investor;
- an exemption from capital gains tax on the investment provided a minimum three-year holding period has been met; and
- the ability to invest either directly or indirectly (through a newly introduced fund type) in qualifying innovative start-ups.

The definition of which companies will be eligible will be determined following announcement, informed by consultation with stakeholders. This measure is intended to address the difficulties that small, early-stage Australian companies face in attracting investment.

This measure is estimated to have a cost to revenue of \$100.0 million over the forward estimates period. The measure will have effect from the date of Royal Assent of the enabling legislation.

This measure forms part of the Government's National Innovation and Science Agenda, which will drive the smart ideas that create business growth, local jobs and global success. Further information on the Agenda can be found in the brochure of 7 December 2015 released by the Prime Minister and the Minister for Industry, Innovation and Science.

Appendix A: Policy decisions taken since the 2015-16 Budget

Reducing red tape — improvements to data and analytics infrastructure of the Australian Taxation Office

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	60.0	74.0	88.0
<i>Related expense (\$m)</i>					
Australian Taxation Office	-	9.5	12.7	13.9	13.6
<i>Related capital (\$m)</i>					
Australian Taxation Office	-	11.4	0.8	-	-

The Government will provide \$61.9 million over four years (including capital of \$12.2 million) to the Australian Taxation Office (ATO) to upgrade its data analytics capability.

This measure will enable the ATO to improve taxpayer compliance and reduce compliance burdens by pre-populating additional information in their returns.

Improved data analysis capability will help the ATO in better detecting and deterring non-compliance. Compliance activities enabled by improved analytics are estimated to raise additional revenue of \$222.0 million over the forward estimates period.

This measure delivers on the Government's commitment to reduce red tape and forms part of the Government's Digital Transformation Agenda.

Stronger Farmers, Stronger Economy — accelerated depreciation for primary producers — bring forward of start date

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	-	-	-

In the 2015-16 Budget, the Government announced that primary producers would be allowed to fully deduct the cost of water facilities and fencing in the year they are purchased and deduct the cost of fodder storage assets over three years. This treatment was to apply from 1 July 2016.

The Government has brought forward the start date of this measure to begin at 7.30pm (AEST) on 12 May 2015. This change will assist primary producers with cash flow, allowing them to better prepare for drought and invest in their farms immediately.

Bringing forward these changes is estimated to have a cost to revenue of \$72.0 million over the forward estimates period.

This measure forms part of the Government's *White Paper on Agricultural Competitiveness*. Funding for this measure has already been provided for by the Government.

Stronger Farmers, Stronger Economy — Farm Management Deposits — allow use as loan offset for primary production business loans

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	-	-	-

The Government will remove the current restriction on Farm Management Deposit (FMD) accounts being used as an offset for business loans with effect from 1 July 2016. This measure is estimated to have a gain to revenue of \$10.0 million over the forward estimates period. This is due to reduced interest deductions on farm business loans from funds to be used as an offset in FMD accounts.

FMDs are a risk management tool to help primary producers deal with uneven income between years, which frequently occurs as a result of weather variations, the occurrence of natural disasters and changing market conditions. FMDs allow most primary producers to set aside pre-tax income from primary production in a special account that can be drawn on in a future year. However, the current rules prevent financial institutions from offering the option to use FMDs as loan security, or as a mortgage or other interest loan offset. This will allow primary producers to use their FMDs to reduce the interest they pay on business debt and improve their cash flow.

This measure forms part of the Government's *White Paper on Agricultural Competitiveness*. The gain to revenue has already been accounted for by the Government.

Stronger Farmers, Stronger Economy — Farm Management Deposits — double the deposit limit to \$800,000

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	-	-	-

The Government will double the deposit limit of Farm Management Deposits (FMDs) to \$800,000 from 1 July 2016. This measure is estimated to have a cost to revenue of \$20.0 million over the forward estimates period.

FMDs are a risk management tool to help primary producers deal with uneven income between years, which frequently occurs as a result of weather variations, the occurrence of natural disasters and changing market conditions. FMDs allow most primary producers to set aside pre-tax income from primary production in a special account that can be drawn on in a future year. Currently primary producers cannot hold more than \$400,000 in FMDs. Increasing the deposit limit will further assist some primary producers to manage weather variations, natural disasters and changing market conditions.

This measure forms part of the Government's *White Paper on Agricultural Competitiveness*. The cost to revenue for this measure has already been accounted for by the Government.

Stronger Farmers, Stronger Economy — Farm Management Deposits — early access in times of drought

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	-	-	-

The Government will allow primary producers affected by severe drought to withdraw their Farm Management Deposits (FMDs) when they need them, without losing their taxation benefit. The measure will have effect from 1 July 2016. This measure is estimated to have a negligible cost to revenue over the forward estimates period.

FMDs are a risk management tool to help primary producers deal with uneven income between years, which frequently occurs as a result of weather variations, the occurrence of natural disasters and changing market conditions. FMDs allow most primary producers to set aside pre-tax income from primary production in a special account that can be drawn on in a future year. This reduces their taxable income and therefore provides concessional tax treatment. If primary producers withdraw the amount within 12 months of deposit, it will be taxed at their marginal tax rates. This measure will assist primary producers suffering as a result of severe drought by allowing them to access their FMDs within 12 months of making a deposit while retaining concessional tax treatment under the scheme.

This measure forms part of the Government's *White Paper on Agricultural Competitiveness*. The cost to revenue has already been accounted for by the Government.

Stronger Farmers, Stronger Economy — tax averaging for primary producers — allowing re-access

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	-	*	*

The Government will allow primary producers to re-access tax averaging ten years after the year in which they chose to opt out. The measure will apply to all primary producers from 1 July 2016, including those that had previously opted out. This measure is estimated to have an unquantifiable cost to revenue over the forward estimates period.

Tax averaging allows primary producers to smooth out their income tax liability. Currently a primary producer may opt out of tax averaging, but is not able to access the scheme again. Primary producers that opt out of tax averaging will be able to apply averaging ten years later to smooth out their income tax liability.

This measure forms part of the Government's *White Paper on Agricultural Competitiveness*.

Tax administration — Single Touch Payroll Reporting

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	-	58.5	208.9
<i>Related expense (\$m)</i>					
Australian Taxation Office	-	25.8	28.1	23.5	18.2
<i>Related capital (\$m)</i>					
Australian Taxation Office	-	59.5	19.9	12.7	1.3

The Government will simplify the reporting by employers of their Pay As You Go (PAYG) withholding obligations and superannuation contributions by progressively implementing Single Touch Payroll (STP).

Under STP, employers will automatically report individual employee payroll information to the Australian Taxation Office (ATO) using their business management software. STP will also introduce reporting of superannuation contributions information to the ATO when payments are made to super funds. Employers will have the option to pay their PAYG withholding at the same time they pay their staff.

The Government will introduce streamlined processes for individuals commencing employment. Individuals will have the option of completing their Tax File Number declaration and Superannuation Standard Choice forms using myGov or through their employer's business management software.

This measure will be phased in as follows:

- from January 2017, there will be a voluntary pilot of STP. The pilot will focus on, but is not limited to, targeted Small and Medium Enterprises;
- from July 2017, all businesses may commence STP reporting, with the option to make voluntary payments. In addition, the ATO will commence transitioning employers with 20 or more employees to STP; and
- from 1 July 2018, employers with 20 or more employees will be required to use STP enabled software for reporting to the ATO.

To assist small business that wish to take advantage of the benefits of STP, the Government will provide businesses with a turnover of less than \$2 million with a \$100 non-refundable tax offset for expenditure on Standard Business Reporting enabled software.

This offset will apply from 1 July 2017, and will be available for software purchases or subscriptions made in the 2017-18 financial year only.

This measure is estimated to have a gain to revenue of \$267.4 million over the forward estimates period. The Government will provide \$189.0 million to the ATO to implement this measure.

Appendix A: Policy decisions taken since the 2015-16 Budget

Tax compliance — improving compliance through third party reporting and data matching — delayed start

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	-	-86.4	86.4
<i>Related expense (\$m)</i>					
Australian Taxation Office	-	-	-5.3	-2.8	8.1

The third party and data matching regime seeks to improve tax compliance by requiring third parties to report a range of transactions to the Commissioner of Taxation. Following stakeholder consultation, the Government will delay the start date of three elements of the measure *Tax compliance – improving compliance through third party reporting and data matching* announced in the 2013-14 Budget.

The three elements to be delayed include reporting on government grants and payments, transfers of shares and units and business transactions through merchant payment systems. The fourth element, transfers of real property, will start on 1 July 2016, as announced. Reporting by the Australian Securities and Investments Commission (ASIC) on shares and units will also start on 1 July 2016.

This measure is estimated to have no net impact on the Budget over the forward estimates period.

Taxation treatment of biodiesel — extension of phase-in for new arrangements

Revenue (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	-3.0	-6.0	-8.0
<i>Related expense (\$m)</i>					
Australian Taxation Office	-	-	-0.5	-1.0	-2.0

The Government has amended the 2014-15 Budget measure *Taxation treatment of biodiesel – modification*. The excise rate applying to domestically produced biodiesel will now be gradually increased from 1 July 2016 until 1 July 2030 when the applicable excise rate will be approximately 50 per cent of the full excise rate applying to petrol and diesel. The Government's amendments provide a longer phase-in to the changes to the taxation treatment of biodiesel, providing more time for the domestic biodiesel industry to adjust.

This measure is estimated to have a cost to the Budget of \$13.5 million over the forward estimates period.