

## Part 1: Revenue Measures

**Table 1: Revenue measures since the 2015-16 MYEFO<sup>(a)</sup>**

Page		2015-16	2016-17	2017-18	2018-19	2019-20
		\$m	\$m	\$m	\$m	\$m
	<b>AGRICULTURE AND WATER RESOURCES</b>					
	<i>Australian Pesticides and Veterinary Medicines Authority</i>					
65	Streamlining Agricultural and Veterinary Chemicals Regulation(b)	-	-	-	-	-
	<i>Department of Agriculture and Water Resources</i>					
7	Changes to Agricultural Production Levies	-	2.0	2.0	2.0	2.0
64	National Water Infrastructure Loan Facility()	-	1.1	2.5	7.2	19.5
15	Premium Border Clearance Services — establishment	-	nfp	nfp	nfp	nfp
	<b>Portfolio total</b>	<b>-</b>	<b>3.1</b>	<b>4.5</b>	<b>9.2</b>	<b>21.5</b>
	<b>COMMUNICATIONS AND THE ARTS</b>					
	<i>Australian Communications and Media Authority</i>					
8	Broadcast Licence Fees — reduction	-	-48.4	-48.4	-48.4	-48.4
	<b>Portfolio total</b>	<b>-</b>	<b>-48.4</b>	<b>-48.4</b>	<b>-48.4</b>	<b>-48.4</b>
	<b>CROSS PORTFOLIO</b>					
	<i>Various Agencies</i>					
11	Property Services Coordinated Procurement	-	-	nfp	nfp	nfp
	<b>Portfolio total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>DEFENCE</b>					
	<i>Department of Defence</i>					
72	Operation Accordion — extension()	-	4.9	-	-	-
73	Operation Highroad — extension()	-	0.4	-	-	-
74	Operation Okra — extension()	-	9.8	-	-	-
	<b>Portfolio total</b>	<b>-</b>	<b>15.1</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>EDUCATION AND TRAINING</b>					
	<i>Department of Education and Training</i>					
77	Higher Education Reform — further consultation()	-0.3	382.9	367.2	-33.4	-78.8
	<b>Portfolio total</b>	<b>-0.3</b>	<b>382.9</b>	<b>367.2</b>	<b>-33.4</b>	<b>-78.8</b>
	<b>EMPLOYMENT</b>					
	<i>Comcare</i>					
82	Asbestos Safety Assurance Model — extension and cost recovery()	nfp	nfp	nfp	nfp	nfp
	<i>Department of Employment</i>					
9	Seacare Scheme — cost recovery arrangements	-	nfp	nfp	nfp	nfp
	<b>Portfolio total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Table 1: Revenue measures since the 2015-16 MYEFO<sup>(a)</sup> (continued)**

Page		2015-16	2016-17	2017-18	2018-19	2019-20
		\$m	\$m	\$m	\$m	\$m
	<b>ENVIRONMENT</b>					
	<i>Clean Energy Finance Corporation</i>					
89	Clean and Renewable Energy Innovation — Clean Energy Finance Corporation and the Australian Renewable Energy Agency()	3.0	10.1	26.3	63.0	106.1
	<i>Department of the Environment</i>					
10	Environment Protection and Biodiversity Conservation — revised charging arrangements	-	-2.2	-1.6	-1.2	-1.0
10	Fuel Quality Standards — revised charging arrangements	-	0.1	..	..	0.1
	<b>Portfolio total</b>	<b>3.0</b>	<b>8.0</b>	<b>24.8</b>	<b>61.8</b>	<b>105.2</b>
	<b>FINANCE</b>					
	<i>Department of Finance</i>					
11	Commonwealth Non-Defence Property Divestment Program — extension(c)	-	nfp	nfp	nfp	nfp
143	National Disability Insurance Scheme Savings Fund()	..	1.1	2.4	-20.2	-
11	Property Services Coordinated Procurement	-	-	-	-	-
	<b>Portfolio total</b>	<b>..</b>	<b>1.1</b>	<b>2.4</b>	<b>-20.2</b>	<b>-</b>
	<b>FOREIGN AFFAIRS AND TRADE</b>					
	<i>Department of Foreign Affairs and Trade</i>					
12	Notarial Fees — increase	-	5.9	12.9	14.2	15.5
12	Passport Fees — supporting consular services	-	24.2	47.5	48.7	52.5
	<b>Portfolio total</b>	<b>-</b>	<b>30.1</b>	<b>60.5</b>	<b>62.8</b>	<b>68.1</b>
	<b>HEALTH</b>					
	<i>Australian Aged Care Quality Agency</i>					
13	Aged Care — extending funding for unannounced compliance site visits to aged care providers	-	-10.1	-	-	-
	<i>Department of Health</i>					
104	Healthier Medicare — enhanced Medicare compliance program()	-	13.0	15.6	18.2	20.8
106	Improving the Regulation of Therapeutic Goods in Australia()	-	-0.1	1.7	3.7	3.7
13	Medicare Benefits Schedule and Pharmaceutical Benefits Scheme Data — efficiencies	-	0.1	0.1	0.1	0.1
143	National Disability Insurance Scheme Savings Fund()	416.2	0.6	5.4	-216.2	-435.1
112	Operational Costs for Cardiac and Breast Device Registries()	-	..	..	..	..
114	Pharmaceutical Benefits Scheme — new and amended listings()	nfp	nfp	nfp	nfp	nfp
	<b>Portfolio total</b>	<b>416.2</b>	<b>3.4</b>	<b>22.7</b>	<b>-194.3</b>	<b>-410.6</b>

**Table 1: Revenue measures since the 2015-16 MYEFO<sup>(a)</sup> (continued)**

Page		2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m	2019-20 \$m
	<b>IMMIGRATION AND BORDER PROTECTION</b>					
	<i>Department of Immigration and Border Protection</i>					
121	A Streamlined Pathway to Permanent Residence for New Zealand Citizens()	..	..	..	..	..
122	Australian Trusted Trader Programme()	-	-	-	-	-
14	Enhanced Project By-law Scheme — closure	-	60.0	60.0	50.0	50.0
14	Enhancing Tourism — further reforms to tourist visas	-	0.2	0.4	0.4	0.4
123	Onshore Immigration Detention Network — consolidation()	-	-	-	nfp	-
15	Premium Border Clearance Services — establishment	-	nfp	nfp	nfp	nfp
15	Removal of the Special Duty on Imported Used Vehicles	-	-	-	..	..
16	Tobacco Excise — measures to improve health outcomes and combat illicit tobacco	-	-	685.0	1,540.0	2,460.0
17	Trans-Pacific Partnership Agreement	-	-25.0	-50.0	-60.0	-60.0
17	World Trade Organization — Information Technology Agreement	-	..	..	-20.0	-60.0
	<b>Portfolio total</b>	<b>-</b>	<b>35.2</b>	<b>695.4</b>	<b>1,510.4</b>	<b>2,390.4</b>
	<b>INDUSTRY, INNOVATION AND SCIENCE</b>					
	<i>Northern Australia Infrastructure Facility</i>					
127	Establishment of the Northern Australia Infrastructure Facility()	-	10.1	10.1	10.1	10.1
	<b>Portfolio total</b>	<b>-</b>	<b>10.1</b>	<b>10.1</b>	<b>10.1</b>	<b>10.1</b>
	<b>INFRASTRUCTURE AND REGIONAL DEVELOPMENT</b>					
	<i>Australian Maritime Safety Authority</i>					
18	National System for Domestic Commercial Vessel Safety — staged implementation of cost recovery	-	0.2	0.2	0.2	0.2
	<b>Portfolio total</b>	<b>-</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
	<b>SOCIAL SERVICES</b>					
	<i>Department of Human Services</i>					
93	Australian Hearing Services — a strong and viable future()	-	2.2	-	-	-
140	Compulsory Rent Deduction Scheme — establishment()	nfp	nfp	nfp	nfp	nfp
13	Medicare Benefits Schedule and Pharmaceutical Benefits Scheme Data — efficiencies	-	-	-	-	-
	<i>National Disability Insurance Agency</i>					
142	Mobility Allowance — transition to the National Disability Insurance Scheme()	-	..	-1.0	-2.1	-2.9
143	National Disability Insurance Scheme Savings Fund()	-	-96.2	-163.3	-761.3	-1,552.6
	<b>Portfolio total</b>	<b>-</b>	<b>-94.0</b>	<b>-164.3</b>	<b>-763.4</b>	<b>-1,555.6</b>

**Table 1: Revenue measures since the 2015-16 MYEFO<sup>(a)</sup> (continued)**

Page		2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m	2019-20 \$m
	<b>TREASURY</b>					
	<i>Australian Prudential Regulation Authority</i>					
173	Australian Prudential Regulation Authority — modernising data capabilities()	-	2.4	3.1	2.3	3.3
148	Australian Securities and Investments Commission — improving outcomes in financial services()	-	37.0	46.3	25.2	12.9
153	Superannuation Complaints Tribunal — sustaining and modernising functions()	-	5.2	-	-	-
	<i>Australian Securities and Investments Commission</i>					
147	Asia Region Funds Passport()	-	0.4	0.9	0.9	0.9
39	Ten Year Enterprise Tax Plan — implementing a new suite of collective investment vehicles	-	-	0.2	0.2	0.2
	<i>Australian Taxation Office</i>					
19	Applying GST to Low Value Goods Imported by Consumers	-	-	70.0	100.0	130.0
8	Broadcast Licence Fees — reduction	-	-	10.0	10.0	10.0
20	Income Tax Relief for Australian Defence Force Personnel Deployed Overseas	..	-0.1	..	-	-
20	Indirect Tax Concession Scheme — diplomatic, consular and international organisation concessions	..	..	..	..	..
21	National Innovation and Science Agenda — expanding tax incentives for early-stage investors	-	-	-15.0	-15.0	-15.0
22	— expanding the new arrangements for venture capital limited partnerships	-	-	*	*	*
72	Operation Accordion — extension()	-	-8.2	-4.4	-	-
73	Operation Highroad — extension()	-	-2.6	-1.4	-	-
73	Operation Manitou — extension()	-	-4.7	-2.5	-	-
74	Operation Okra — extension()	-	-16.1	-8.5	-	-
23	Personal income tax — increasing the Medicare levy low-income thresholds	-	-100.0	-60.0	-60.0	-60.0
23	Philanthropy — updates to the list of specifically listed deductible gift recipients	-	..	-0.1	-0.1	-0.1
	<i>Superannuation Reform Package</i>					
24	— allow catch-up concessional superannuation contributions	-	-	-	-100.0	-250.0
24	— harmonising contribution rules for those aged 65 to 74	-	-	-40.0	-40.0	-50.0
25	— improve superannuation balances of low income spouses	-	-	-	-5.0	-5.0
25	— introduce a \$1.6 million superannuation transfer balance cap	-	-	550.0	700.0	750.0
27	— introduce a lifetime cap for non-concessional superannuation contributions	..	50.0	100.0	150.0	250.0

**Table 1: Revenue measures since the 2015-16 MYEFO<sup>(a)</sup> (continued)**

Page		2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m	2019-20 \$m
	<b>TREASURY (continued)</b>					
	Superannuation Reform Package					
28	– introducing a Low Income Superannuation Tax Offset (LISTO)	-	-	-	-600.0	-700.0
28	– reforming the taxation of concessional superannuation contributions	-	-	500.0	800.0	1,150.0
29	– remove the anti-detriment provision in respect of death benefits from superannuation	-	-	-	105.0	245.0
30	– strengthen integrity of income streams	-	..	190.0	220.0	230.0
30	– tax deductions for personal superannuation contributions	-	-	350.0	-600.0	-750.0
	Tax Integrity Package					
31	– a new diverted profits tax	-	-	-	100.0	100.0
32	– better protecting tax whistleblowers	-	-	-	*	*
32	– broadening the securitised asset measure	-	*	*	*	*
33	– deferred tax liabilities	-	*	*	*	*
33	– establishing the Tax Avoidance Taskforce	-	77.4	767.7	1,283.8	1,610.0
34	– implementing the OECD hybrid mismatch arrangement rules	-	-	-	*	*
34	– increasing administrative penalties for significant global entities	-	-	*	*	*
35	– strengthening transfer pricing rules	-	*	*	*	*
	Ten Year Enterprise Tax Plan					
36	– better targeting the deductible liabilities measure	-	-150.0	-45.0	-40.0	-35.0
37	– business simplification — taxation of financial arrangements — regulation reform	-	-	*	*	*
38	– enhancing access to asset backed financing	-	-	-	*	*
38	– excise refund scheme for distillers	-	-	-3.0	-3.0	-3.0
39	– implementing a new suite of collective investment vehicles	-	-	*	*	*
40	– increase the small business entity turnover threshold	-	-295.0	-700.0	-550.0	-650.0
40	– increase the unincorporated small business tax discount	-	-	-150.0	-150.0	-150.0
41	– reducing the company tax rate to 25 per cent	-	-400.0	-500.0	-800.0	-950.0
42	– targeted amendments to Division 7A	-	-	-	-	*
42	– targeted personal income tax relief	-	-800.0	-950.0	-1,050.0	-1,150.0

**Table 1: Revenue measures since the 2015-16 MYEFO<sup>(a)</sup> (continued)**

Page	2015-16	2016-17	2017-18	2018-19	2019-20
	\$m	\$m	\$m	\$m	\$m
<b>TREASURY (continued)</b>					
	Ten Year Enterprise Tax Plan				
43	-	-	50.0	70.0	180.0
	– wine equalisation tax rebate integrity and wine tourism funding				
16	-	-	75.0	155.0	245.0
	Tobacco Excise — measures to improve health outcomes and combat illicit tobacco				
	<b>-</b>	<b>-1,604.3</b>	<b>233.4</b>	<b>-290.7</b>	<b>149.3</b>
	<b>Portfolio total</b>				
	<b>0.3</b>	<b>6.9</b>	<b>-170.5</b>	<b>-143.9</b>	<b>-118.0</b>
	<b>Decisions taken but not yet announced</b>				
	<b>419.2</b>	<b>-1,250.7</b>	<b>1,037.9</b>	<b>160.1</b>	<b>533.4</b>
	<b>Total impact of revenue measures(d)</b>				

\* 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)	2015-16	2016-17	2017-18	2018-19	2019-20
Department of Agriculture and Water Resources	-	2.0	2.0	2.0	2.0
<i>Related expense (\$m)</i>					
<i>Department of Agriculture and Water Resources</i>	-	2.0	2.0	2.0	2.0

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:

- Export fodder: from 1 July 2016, the Government will introduce a mandatory levy of \$0.50 per tonne on all hay and straw prepared for export. The Government will provide a matching contribution of \$400,000 per annum, consistent with its commitment in the *Agricultural Competitiveness White Paper*. This new mandatory levy replaces a voluntary levy and was proposed by the export fodder industry. It is designed to address gaps in fodder industry research, development and extension funding.
- Deer levy: from 1 July 2016, the Government will cease the excise levy on domestic production and sale of deer velvet, the customs charge on exports of deer velvet, and the customs charge on exports of live deer, as proposed by the Deer Industry Association of Australia.
- Forestry: from 1 July 2016, the Government will increase the Emergency Plant Pest Response levy for growers of private plantation logs by \$0.05 per cubic metre of logs, from \$0.055 per cubic metre to \$0.105 per cubic metre. The funds raised will be used to repay the Australian Government for costs incurred as part of the emergency response to giant pine scale that commenced in 2015.
- Citrus: from 1 July 2016, the Government will increase the citrus levy by \$1.50 per tonne. These increases are being made at the request of industry to address gaps in citrus industry research and development funding. This consists of:
  - an increase to the statutory levy and export charge for research and development from \$1.97 per tonne to \$3.20 per tonne; and
  - an increase to the Plant Health Australia levy rate from \$0.03 per tonne to \$0.30 per tonne.

## COMMUNICATIONS AND THE ARTS

### Broadcast Licence Fees — reduction

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Communications and Media Authority	-	-48.4	-48.4	-48.4	-48.4
Australian Taxation Office	-	-	10.0	10.0	10.0
Total — Revenue	-	-48.4	-38.4	-38.4	-38.4

The Government will reduce licence fees for commercial television and radio broadcasters by approximately 25 per cent applicable from the 2015-16 licence period. This measure is estimated to have a cost to revenue of \$163.6 million over the forward estimates period. This incorporates the effect of lower tax deductions resulting from the lower fees paid by broadcasters.

This licence fee relief is a result of the Government's review of broadcast licence fee arrangements, which found that the rapidly changing media market was placing significant financial pressure on commercial broadcasters. The Government will continue to consider appropriate levels of licence fees as part of its broader reforms to broadcasting and spectrum policy.



**EMPLOYMENT****Seacare Scheme — cost recovery arrangements**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
<i>Related expense (\$m)</i>					
<i>Comcare</i>	-	<i>nfp</i>	<i>nfp</i>	<i>nfp</i>	<i>nfp</i>
<i>Australian Maritime Safety Authority</i>	-	<i>nfp</i>	<i>nfp</i>	<i>nfp</i>	<i>nfp</i>
<i>Total — Expense</i>	-	-	-	-	-

The Government will move to full cost recovery of services provided under the Seacare Scheme by 2019-20. The Seacare Scheme sets national workers compensation and work, health and safety arrangements for some businesses in the maritime industry.

The move to full cost recovery will be implemented through a phased approach, with the levy and fees expected to be progressively introduced from 1 July 2016 and full cost recovery achieved from 1 July 2019. The levy and fees will recover the cost of performing regulatory functions by the Safety Rehabilitation and Compensation Commission, Comcare and the Australian Maritime Safety Authority.

The financial implications of this measure are not for publication (nfp) due to ongoing consultation with industry.

## ENVIRONMENT

### Environment Protection and Biodiversity Conservation — revised charging arrangements

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Department of the Environment	-	-2.2	-1.6	-1.2	-1.0
<i>Related expense (\$m)</i>					
<i>Department of the Environment</i>	-	-2.2	-1.6	-1.2	-1.0

The Government will revise cost recovery arrangements for services provided by the Department of the Environment in administering the *Environment Protection and Biodiversity Conservation Act 1999*.

This measure will better align the fees and charges for environmental assessments with the costs of delivering the service and improve the efficiency of charging arrangements, consistent with the Australian Government Charging Framework.

### Fuel Quality Standards — revised charging arrangements

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Department of the Environment	-	0.1	..	..	0.1
<i>Related expense (\$m)</i>					
<i>Department of the Environment</i>	-	0.1	..	..	0.1

The Government will revise cost recovery arrangements for services provided by the Department of the Environment in administering the *Fuel Quality Standards Act 2000*.

This measure will better align the fees and charges for applications to vary a fuel standard and improve the efficiency of charging arrangements, consistent with the Australian Government Charging Framework.

## FINANCE

### Property Services Coordinated Procurement

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Department of Finance	-	-	-	-	-
Various Agencies	-	-	nfp	nfp	nfp
Total — Revenue	-	-	-	-	-
<i>Related expense (\$m)</i>					
Department of Finance	-	3.0	-	-	-

The Government will provide \$3.0 million in 2016-17 for the establishment of mandatory whole-of-government coordinated property procurement arrangements for Non-Corporate Commonwealth Entities.

The coordinated procurement arrangements will cover the leasing of office space, purchasing of property and facilities management, some capital works and utility services. This will support value for money by consolidating Commonwealth purchasing power.

The cost of this measure will be met from the savings generated through the new arrangements.

The savings for this measure are not for publication (nfp) for commercial confidentiality reasons.

### Commonwealth Non-Defence Property Divestment Program — extension

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Department of Finance	-	nfp	nfp	nfp	nfp
<i>Related revenue (\$m)</i>					
Department of Finance	-	nfp	nfp	nfp	nfp
<i>Related expense (\$m)</i>					
Department of Finance	-	1.0	1.1	0.4	-

The Government will provide \$2.6 million over three years from 2016-17 to implement the extension of the Commonwealth's non-Defence property divestment program. This proposal is consistent with the Government's objective to rationalise the Commonwealth's non-Defence property holdings to reflect current and future needs.

The overall positive financial impact of this measure is not for publication (nfp) due to commercial-in-confidence considerations.

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

## FOREIGN AFFAIRS AND TRADE

### Notarial Fees — increase

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Department of Foreign Affairs and Trade	-	5.9	12.9	14.2	15.5

The Government will raise \$48.5 million over four years from 2016-17 through increasing fees for notarial services delivered by the Department of Foreign Affairs and Trade and the Australian Trade and Investment Commission. This new fee schedule will account for inflation and better align fees to commercial providers.

### Passport Fees — supporting consular services

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Department of Foreign Affairs and Trade	-	24.2	47.5	48.7	52.5

The Government will raise \$172.9 million over four years from 2016-17 by increasing passport fees. From 1 January 2017, the cost of each new passport will increase by \$20 for adults and \$10 for children and seniors, and the fee for priority processing of passport applications will increase by \$54.

Revenue raised from this measure will be used by the Government to help offset the increased cost of providing consular services and fund policy priorities.

## HEALTH

### Aged Care — extending funding for unannounced compliance site visits to aged care providers

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Aged Care Quality Agency	-	-10.1	-	-	-
<i>Related expense (\$m)</i>					
Australian Aged Care Quality Agency	-	-	-	-	-

The Government will provide \$10.1 million in 2016-17 to continue unannounced compliance site visits by the Australian Aged Care Quality Agency to aged care providers until 30 June 2017.

### Medicare Benefits Schedule and Pharmaceutical Benefits Scheme Data — efficiencies

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Department of Health	-	0.1	0.1	0.1	0.1
Department of Human Services	-	-	-	-	-
Total — Revenue	-	0.1	0.1	0.1	0.1
<i>Related expense (\$m)</i>					
Department of Human Services	..	-	-	-	-

The Government will achieve efficiencies of \$0.2 million over four years from 1 July 2016 by introducing cost recovery arrangements for customised Medical Benefits Schedule (MBS) and Pharmaceutical Benefits Scheme (PBS) data extracts that are prepared for external clients by the Department of Health.

This will bring arrangements for MBS and PBS data extracts from the Department of Health into line with arrangements in the Department of Human Services.

The Government will also investigate publishing a full suite of confidentialised MBS and PBS data for public access in line with the Australian Government Public Data Policy.

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

## IMMIGRATION AND BORDER PROTECTION

### Enhanced Project By-law Scheme — closure

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Department of Immigration and Border Protection	-	60.0	60.0	50.0	50.0

The Enhanced Project By-law Scheme (EPBS) will close from 7:30pm (AEST) on 3 May 2016, with transitional provisions for concessions already granted under the EPBS. This measure is estimated to have a gain to revenue of \$220.0 million over the forward estimates period.

### Enhancing Tourism — further reforms to tourist visas

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Department of Immigration and Border Protection	-	0.2	0.4	0.4	0.4

The Government will raise revenue of \$1.5 million over four years from 2016-17 by introducing trial visa arrangements in key markets. This includes a user-pays visa fast-track service for nationals from India and the United Arab Emirates, and a three year multiple entry visa for low immigration risk nationals from India, Thailand, Vietnam and Chile.

This measure builds on the 2015-16 MYEFO measure titled *Our North, Our Future – business, trade and investment gateway*, which included a trial of a user-pays visa fast-track service for Chinese nationals.

**Premium Border Clearance Services — establishment**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Department of Immigration and Border Protection	nfp	nfp	nfp	nfp	nfp
Department of Agriculture and Water Resources	nfp	nfp	nfp	nfp	nfp
<b>Total — Revenue</b>	-	nfp	nfp	nfp	nfp
<i>Related expense (\$m)</i>					
Department of Agriculture and Water Resources	nfp	nfp	nfp	nfp	nfp
Department of Immigration and Border Protection	nfp	nfp	nfp	nfp	nfp
<b>Total — Expense</b>	-	-	-	-	-

The Government will raise revenue by charging a commercial fee to airport operators to provide premium border clearance services for international air passengers, initially at Sydney, Perth and Melbourne airports.

The expenditure for this measure is not for publication (nfp) due to commercial confidentiality.

**Removal of the Special Duty on Imported Used Vehicles**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Department of Immigration and Border Protection	-	-	-	..	..

The Government will remove the \$12,000 special tariff on imported used vehicles from 1 January 2018. This measure is estimated to have negligible cost to revenue over the forward estimates period.

The special tariff is rarely applied in practice as importers can claim an exemption if they have a Vehicle Import Approval issued by the vehicle safety standards regulator.

Further information can be found in the press release of 10 February 2016 issued by the Minister for Major Projects, Territories and Local Government.

**Tobacco Excise — measures to improve health outcomes and combat illicit tobacco**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Department of Immigration and Border Protection	-	-	685.0	1,540.0	2,460.0
Australian Taxation Office	-	-	75.0	155.0	245.0
<b>Total — Revenue</b>	-	-	<b>760.0</b>	<b>1,695.0</b>	<b>2,705.0</b>
<i>Related expense (\$m)</i>					
Department of Immigration and Border Protection	-	2.9	4.9	-	-
Department of the Treasury	-	-	65.0	145.0	235.0
<b>Total — Expense</b>	-	<b>2.9</b>	<b>69.9</b>	<b>145.0</b>	<b>235.0</b>

The Government will increase tobacco excise and excise equivalent customs duties through four annual increases of 12.5 per cent per year from 2017 until 2020. The increases will take place on 1 September each year and will be in addition to existing indexation to average weekly ordinary time earnings.

In addition, the Government will also limit, from 1 July 2017, the duty free tobacco allowance to 25 cigarettes or equivalent from the current allowance of 50 cigarettes.

This measure is estimated to have a gain to the Budget of \$4.7 billion over the forward estimates period.

In conjunction with the changes to excise and the duty free limit, the Government will also strengthen its regulatory and enforcement response to illicit tobacco by providing \$7.7 million over two years to expand the Department of Immigration and Border Protection’s Tobacco Strike Team.

The Government will also reform the *Customs Act 1901* and *Excise Act 1901* to provide enforcement officers with access to tiered offences and appropriate penalties, increasing the range of enforcement options available for illicit tobacco offences.

These changes will improve the health of Australians by reducing their exposure to tobacco products and will ensure that tobacco products consumed domestically are fully taxed and comply with Australian regulations. These four annual increases will take Australia’s excise on a cigarette to almost 69 per cent of the average price of a cigarette (assuming no other changes to cigarette prices over this period), close to the World Health Organisation recommendation of 70 per cent of the price of a cigarette.



**Trans-Pacific Partnership Agreement**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Department of Immigration and Border Protection	-	-25.0	-50.0	-60.0	-60.0

On 4 February 2016, the governments of Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States of America and Vietnam signed the Trans-Pacific Partnership Agreement (TPP). The TPP is a trade agreement that will further integrate the twelve economies in the Asia-Pacific region. This measure is estimated to have a cost to revenue from tariff reductions of \$195.0 million over the forward estimates period. This measure adds to the Government's free trade agreements with Japan, Korea and China.

The cost to revenue of this measure has already been accounted for by the Government.

Further information can be found in the press release of 4 February 2016 issued by the former Minister for Trade and Investment.

**World Trade Organization — Information Technology Agreement**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Department of Immigration and Border Protection	-	..	..	-20.0	-60.0

The Government will phase out tariffs on a range of information technology products starting from 1 January 2017 as part of the World Trade Organization Information Technology Agreement.

Reciprocal reductions in tariffs and other trade barriers by other parties to the Agreement will provide Australian businesses and consumers with a greater variety of goods and services at lower prices.

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

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

## INFRASTRUCTURE AND REGIONAL DEVELOPMENT

### National System for Domestic Commercial Vessel Safety — staged implementation of cost recovery

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Maritime Safety Authority	-	0.2	0.2	0.2	0.2

The Government will introduce new cost recovery arrangements to fund the National System for Domestic Commercial Vessel Safety with the first phase applying from 1 July 2016 and the second phase from 1 July 2017. The arrangements implement a national regulatory framework for the safe operation of domestic commercial vessels as agreed by the Council of Australian Governments' Transport and Infrastructure Council.

## TREASURY

### Applying GST to Low Value Goods Imported by Consumers

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	-	70.0	100.0	130.0
<i>Related expense (\$m)</i>					
<i>Australian Taxation Office</i>	-	4.2	3.6	3.3	2.6
<i>Department of the Treasury</i>	-	-	60.0	90.0	120.0
<i>Total — Expense</i>	-	4.2	63.6	93.3	122.6
<i>Related capital (\$m)</i>					
<i>Australian Taxation Office</i>	-	0.1	-	-	-

The GST will be extended to low value goods imported by consumers from 1 July 2017. The measure is estimated to have a gain to GST revenue of \$300.0 million over the forward estimates period. This will increase GST payments to the States and Territories by \$270.0 million over the forward estimates period. The difference is due to timing of GST collections.

The intent of this measure is that low value goods imported by consumers will face the same tax regime as goods that are sourced domestically.

Overseas suppliers that have an Australian turnover of \$75,000 or more will be required to register for, collect and remit GST for low value goods supplied to consumers in Australia, using a vendor registration model.

These arrangements will be reviewed after two years to ensure they are operating as intended and take account of any international developments.

Funding of \$13.8 million over four years from 2016-17 will be provided to the Australian Taxation Office to implement the measure. This change will require the unanimous agreement of the States and Territories prior to the enactment of legislation.

This follows the in-principle agreement made on 21 August 2015 by the Council on Federal Financial Relations Tax Reform Workshop.

**Income Tax Relief for Australian Defence Force Personnel Deployed Overseas**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	..	-0.1	..	-	-

The Government will provide a full income tax exemption for Australian Defence Force personnel deployed on Operation PALATE II in Afghanistan. This income tax exemption has effect from 1 January 2016, and will remain in effect until 31 December 2016.

The Government will also update the coordinates for Operation MANITOU in international waters, with effect from 14 May 2015, and Operation OKRA in the Middle East, with effect from 9 September 2015, to reflect the actual areas covered by the operations. This measure is estimated to have a cost to revenue of \$0.1 million over the forward estimates period.

**Indirect Tax Concession Scheme — diplomatic, consular and international organisation concessions**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	..	..	..	..	..
<i>Related expense (\$m)</i>					
<i>Department of the Treasury</i>	..	..	..	..	..

The Government has granted or extended access to refunds of indirect tax (including for GST, fuel and alcohol taxes) under the Indirect Tax Concession Scheme. The expanded refunds will apply to the diplomatic and consular representation of Cyprus, Estonia and Finland; and to the Organisation for the Prohibition of Chemical Weapons and its officers and representatives in Australia. Consistent with international practice, these concessions are reciprocal and reviewed periodically.

Each of these changes will have effect from a time specified by the Minister for Foreign Affairs. The refunds are estimated to have a negligible cost to the Budget over the forward estimates period.

**National Innovation and Science Agenda — expanding tax incentives for early-stage investors**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	-	-15.0	-15.0	-15.0

This measure forms part of the Government's commitment to ensuring early-stage innovative companies have access to investment capital.

The Government has amended the *Mid-Year Economic and Fiscal Outlook 2015-16* measure *National Innovation and Science Agenda – tax incentives for angel investors* to:

- reduce the holding period from three years to 12 months for investors to access the 10 year capital gains tax exemption;
- include in the definition of eligible startups, a time limit on incorporation and criteria for determining if the startup is an innovation company;
- require that the investor and innovation company are non-affiliates; and
- limit the investment amount for non-sophisticated investors to \$50,000 or less per income year in order to receive a tax offset.

These amendments have been determined in close consultation with stakeholders and will better target the incentives to ensure they promote investment in early-stage innovation companies. These companies face difficulty attracting the capital and business expertise needed to succeed.

The measure is estimated to have a cost to revenue of \$45.0 million over the forward estimates period.

**National Innovation and Science Agenda — expanding the new arrangements for venture capital limited partnerships**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	-	*	*	*

This measure expands the funding arrangements to attract more venture capital investment.

The Government has amended the *Mid-Year Economic and Fiscal Outlook 2015-16* measure *National Innovation and Science Agenda – new arrangement for venture capital investment* to:

- add a transitional arrangement that allows conditionally registered funds that become unconditionally registered after 7 December 2015 to access the tax offset if the criteria are met;
- relax the requirement for very small entities to provide an auditors' statement of assets;
- extend the increase in fund size from \$100.0 million to \$200.0 million for new early-stage venture capital limited partnerships (ESVCLPs) to also apply to existing ESVCLPs; and
- ensure that the venture capital tax concessions are available for FinTech, banking and insurance related activities.

These amendments have been determined in close consultation with stakeholders and will better improve access to capital and make the regimes more user-friendly.

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

Further information can be found in the press releases of 15 March 2016 and 21 March 2016 issued by the Treasurer.

**Personal Income Tax — increasing the Medicare levy low-income thresholds**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	-100.0	-60.0	-60.0	-60.0

The Government will increase the Medicare levy low-income thresholds for singles, families and seniors and pensioners from the 2015-16 income year. The increases take account of movements in the Consumer Price Index so that low income taxpayers generally continue to be exempted from paying the Medicare levy.

The threshold for singles will be increased to \$21,335. For couples with no children, the threshold will be increased to \$36,001 and the additional amount of threshold for each dependent child or student will be increased to \$3,306. For single seniors and pensioners, the threshold will be increased to \$33,738. For senior and pensioner couples with no children, the threshold will be increased to \$46,966 and the additional amount of threshold for each dependent child or student will be increased to \$3,306.

This measure is estimated to have a cost to revenue of \$280.0 million over the forward estimates period.

**Philanthropy — updates to the list of specifically listed deductible gift recipients**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	..	-0.1	-0.1	-0.1

Since the *Mid-Year Economic and Fiscal Outlook 2015-16*, the following organisations have been approved as specifically-listed deductible gift recipients (DGRs) from the following dates:

- Australian Science Innovations Incorporated from 1 January 2016;
- The Ethics Centre Incorporated from 24 February 2016; and
- Cambridge Australia Scholarships Limited from 1 July 2016 to 30 June 2021.

In addition, from Royal Assent the following organisations have been approved as specifically-listed DGRs provided the gifts are made for education or research in medical knowledge or science:

- The Australasian College of Dermatologists;
- College of Intensive Care Medicine of Australia and New Zealand; and
- The Royal Australian and New Zealand College of Ophthalmologists.

*Budget Measures 2016-17 – Part 1: Revenue Measures*

Taxpayers may claim an income tax deduction for gifts to these organisations of \$2 or more.

This measure is estimated to have a cost to revenue of \$0.3 million over the forward estimates period.

**Superannuation Reform Package — allow catch-up concessional superannuation contributions**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	-	-	-100.0	-250.0

From 1 July 2017, the Government will allow individuals to make additional concessional contributions where they have not reached their concessional contributions cap in previous years. Access to these unused cap amounts will be limited to those individuals with a superannuation balance less than \$500,000. Amounts are carried forward on a rolling basis for a period of five consecutive years, and only unused amounts accrued from 1 July 2017 can be carried forward.

Annual concessional caps can limit the ability of people with interrupted work patterns – for example women or carers – to accumulate superannuation balances commensurate with those who do not take breaks from the workforce. Allowing people to carry forward their unused concessional cap provides them with the opportunity to ‘catch-up’ if they have the capacity and choose to do so.

The measure will also apply to members of defined benefit schemes and consultation will be undertaken to minimise additional compliance impacts for these schemes.

This measure is estimated to have a cost to revenue of \$350.0 million over the forward estimates period.

This measure forms part of the Government’s Superannuation Reform Package, which will improve the sustainability, flexibility and integrity of the superannuation system.

**Superannuation Reform Package — harmonising contribution rules for those aged 65 to 74**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	-	-40.0	-40.0	-50.0

From 1 July 2017, the Government will improve the flexibility of the superannuation system by removing the current restrictions on people aged 65 to 74 from making superannuation contributions for their retirement. People under the age of 75 will no longer have to satisfy a work test and will be able to receive contributions from their spouse.



This will simplify the superannuation system for older Australians and allow them to increase their retirement savings, especially from sources that may not have been available to them before retirement, including from downsizing their home.

This measure is estimated to have a cost to revenue of \$130.0 million over the forward estimates period.

This measure forms part of the Government's Superannuation Reform Package, which will improve the sustainability, flexibility and integrity of the superannuation system.

### **Superannuation Reform Package — improve superannuation balances of low income spouses**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	-	-	-5.0	-5.0

From 1 July 2017, the Government will increase access to the low income spouse superannuation tax offset by raising the income threshold for the low income spouse to \$37,000 from \$10,800. The low income spouse tax offset provides up to \$540 per annum for the contributing spouse and builds on the Government's co-contribution and superannuation splitting policies to boost retirement savings, particularly of women.

This measure is estimated to have a cost to revenue of \$10.0 million over the forward estimates period.

This measure forms part of the Government's Superannuation Reform Package, which will improve the sustainability, flexibility and integrity of the superannuation system.

### **Superannuation Reform Package — introduce a \$1.6 million superannuation transfer balance cap**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	-	550.0	700.0	750.0
<i>Related expense (\$m)</i>					
Australian Taxation Office	-	4.4	-	-	-
Department of Finance	<i>nfp</i>	<i>nfp</i>	<i>nfp</i>	<i>nfp</i>	<i>nfp</i>
<i>Total — Expense</i>	-	4.4	-	-	-
<i>Related capital (\$m)</i>					
Department of Finance	-	-	-	-	-

From 1 July 2017, the Government will introduce a \$1.6 million transfer balance cap on the total amount of accumulated superannuation an individual can transfer into the retirement phase. Subsequent earnings on these balances will not be restricted. This will limit the extent to which the tax-free benefits of retirement phase accounts can be used by high wealth individuals.

Introducing a transfer balance cap will improve sustainability and fairness in the superannuation system. Where an individual accumulates amounts in excess of \$1.6 million, they will be able to maintain this excess amount in an accumulation phase account (where earnings will be taxed at the concessional rate of 15 per cent). Members already in the retirement phase with balances above \$1.6 million will be required to reduce their retirement balance to \$1.6 million by 1 July 2017. Excess balances for these members may be converted to superannuation accumulation phase accounts.

A tax on amounts that are transferred in excess of the \$1.6 million cap (including earnings on these excess transferred amounts) will be applied, similar to the tax treatment that applies to excess non-concessional contributions.

The amount of cap space remaining for a member seeking to make more than one transfer into a retirement phase account will be determined by apportionment.

Commensurate treatment for members of defined benefit schemes will be achieved through changes to the tax arrangements for pension amounts over \$100,000 from 1 July 2017.

Consultation will be undertaken on the implementation of this measure for members of both accumulation and defined benefits schemes.

The Government will provide funding for required systems changes to its defined benefits superannuation schemes. The expenditure for this is not for publication for commercial confidentiality reasons.

This measure is estimated to have a gain to revenue of \$2.0 billion over the forward estimates period.

This measure forms part of the Government's Superannuation Reform Package, which will improve the sustainability, flexibility and integrity of the superannuation system.

**Superannuation Reform Package — introduce a lifetime cap for non-concessional superannuation contributions**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	..	50.0	100.0	150.0	250.0

The Government will introduce a \$500,000 lifetime non-concessional contributions cap to improve the sustainability of the superannuation system. To ensure maximum effectiveness the lifetime cap will take into account all non-concessional contributions made on or after 1 July 2007, from which time the Australian Taxation Office has reliable contributions records, and will commence at 7.30 pm (AEST) on 3 May 2016. Contributions made before commencement cannot result in an excess. However, excess contributions made after commencement will need to be removed or subject to penalty tax. The cap will be indexed to average weekly ordinary time earnings and is estimated to have a gain to revenue of \$550.0 million over the forward estimates period.

The lifetime non-concessional cap will replace the existing annual caps which allow annual non-concessional contributions of up to \$180,000 per year (or \$540,000 every three years for individuals aged under 65).

This change will improve the sustainability of the superannuation system, whilst continuing to provide support for the majority of Australians who make non-concessional contributions well below \$500,000. This measure will also provide Australians with flexibility around when they choose to contribute to their superannuation and will be available to all Australians up to age 74.

After-tax contributions made into defined benefit accounts and constitutionally protected funds will be included in an individual's lifetime non-concessional cap. If a member of a defined benefit fund exceeds their lifetime cap, ongoing contributions to the defined benefit account can continue but the member will be required to remove, on an annual basis, an equivalent amount (including proxy earnings) from any accumulation account they hold. The amount that could be removed from any accumulation accounts will be limited to the amount of non-concessional contributions made into those accounts since 1 July 2007. Contributions made to a defined benefit account will not be required to be removed. The Government will consult to ensure broadly commensurate and equitable treatment of individuals for whom no amount of post 1 July 2007 non-concessional contributions are available to be removed.

This measure forms part of the Government's Superannuation Reform Package, which will improve the sustainability, flexibility and integrity of the superannuation system.

**Superannuation Reform Package — introducing a Low Income Superannuation Tax Offset (LISTO)**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	-	-	-600.0	-700.0
<i>Related expense (\$m)</i>					
Australian Taxation Office	-	-	101.0	101.1	101.1
<i>Related capital (\$m)</i>					
Australian Taxation Office	-	-	1.8	-	-

From 1 July 2017, the Government will introduce a Low Income Superannuation Tax Offset (LISTO) to reduce tax on superannuation contributions for low income earners. The LISTO will provide a non-refundable tax offset to superannuation funds, based on the tax paid on concessional contributions made on behalf of low income earners, up to a cap of \$500. Provision will be made to ensure the measure can be implemented to achieve the outcomes as intended. The LISTO will apply to members with adjusted taxable income up to \$37,000 that have had a concessional contribution made on their behalf.

This will effectively avoid the situation in which low income earners would pay more tax on savings placed into superannuation than on income earned outside of superannuation.

The measure is estimated to have a cost to the Budget of \$1.6 billion over the forward estimates period.

This measure forms part of the Government’s Superannuation Reform Package, which will improve the sustainability, flexibility and integrity of the superannuation system.

**Superannuation Reform Package — reforming the taxation of concessional superannuation contributions**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	-	500.0	800.0	1,150.0
<i>Related expense (\$m)</i>					
Australian Taxation Office	-	-	0.9	2.2	1.1
<i>Related capital (\$m)</i>					
Australian Taxation Office	-	2.8	-	-	-

From 1 July 2017, the Government will lower the Division 293 threshold (the point at which high income earners pay addition contributions tax) from \$300,000 to \$250,000. The Government will also reduce the annual cap on concessional superannuation contributions to \$25,000 (currently \$30,000 under age 50; \$35,000 for ages 50 and over).

Reducing the Division 293 tax income threshold will improve sustainability and fairness in the superannuation system by limiting the effective tax concessions provided to high income individuals. Capping concessional contributions at \$25,000 per year will still allow individuals to accumulate significant amounts of tax advantaged concessional superannuation.

The lower Division 293 income threshold will also apply to members of defined benefit schemes and constitutionally protected funds currently covered by the tax. Existing exemptions (such as State higher level office holders and Commonwealth judges) for Division 293 tax will be maintained.

From 1 July 2017, the Government will include notional (estimated) and actual employer contributions in the concessional contributions cap for members of unfunded defined benefit schemes and constitutionally protected funds. Members of these funds will have opportunities to salary sacrifice commensurate with members of accumulation funds. For individuals who were members of a funded defined benefit scheme as at 12 May 2009, the existing grandfathering arrangements will continue.

This measure is estimated to have a gain to revenue of \$2.5 billion over the forward estimates period.

This measure forms part of the Government's Superannuation Reform Package, which will improve the sustainability, flexibility and integrity of the superannuation system.

**Superannuation Reform Package — remove the anti-detriment provision in respect of death benefits from superannuation**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	-	-	105.0	245.0

From 1 July 2017, the Government will improve the integrity and fairness of the system by removing the outdated anti-detriment provision.

The anti-detriment provision can effectively result in a refund of a member's lifetime superannuation contributions tax payments into an estate, where the beneficiary is the dependant of the member (spouse, former spouse or child). Currently, this provision is inconsistently applied by superannuation funds.

Removing the anti-detriment provision will better align the treatment of lump sum death benefits across all superannuation funds and the treatment of bequests outside of superannuation. Lump sum death benefits to dependants remain tax free.

This measure is estimated to have a gain to revenue of \$350.0 million over the forward estimates period.

This measure forms part of the Government's Superannuation Reform Package, which will improve the sustainability, flexibility and integrity of the superannuation system.

**Superannuation Reform Package — strengthen integrity of income streams**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	..	190.0	220.0	230.0

The Government will improve integrity in the superannuation system by removing the tax exemption on earnings of assets supporting Transition to Retirement Income Streams from 1 July 2017 (income streams of individuals over preservation age but not retired). It will also remove a rule that allows individuals to treat certain superannuation income stream payments as lump sums for tax purposes.

This measure is estimated to have a gain to revenue of \$640.0 million over the forward estimates period.

This measure forms part of the Government's Superannuation Reform Package, which will improve the sustainability, flexibility and integrity of the superannuation system.

**Superannuation Reform Package — tax deductions for personal superannuation contributions**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	-	350.0	-600.0	-750.0

From 1 July 2017, the Government will improve flexibility and choice in superannuation by allowing all individuals up to age 75 to claim an income tax deduction for personal superannuation contributions. This effectively allows all individuals, regardless of their employment circumstances, to make concessional superannuation contributions up to the concessional cap. Individuals who are partially self-employed and partially wage and salary earners, and individuals whose employers do not offer salary sacrifice arrangements will benefit from these changed arrangements.

Individuals that are members of certain prescribed funds would not be entitled to deduct contributions to those schemes. Prescribed funds will include all untaxed funds, all Commonwealth defined benefit schemes, and any State, Territory or corporate defined benefit schemes that choose to be prescribed.

This measure is estimated to have a cost to revenue of \$1.0 billion over the forward estimates period.

This measure forms part of the Government's Superannuation Reform Package, which will improve the sustainability, flexibility and integrity of the superannuation system.

**Tax Integrity Package — a new diverted profits tax**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	-	-	100.0	100.0

The Government will introduce a new tax aimed at multinational corporations that artificially divert profits from Australia. The tax will apply to income years commencing on or after 1 July 2017. This measure is estimated to have a gain to revenue of \$200.0 million over the forward estimates period.

The new tax will target companies that shift profits offshore through arrangements involving related parties:

- that result in less than 80 per cent tax being paid overseas than would otherwise have been paid in Australia;
- where it is reasonable to conclude that the arrangement is designed to secure a tax reduction; and
- that do not have sufficient economic substance.

Where such arrangements are entered into, this measure will apply a 40 per cent tax on diverted profits to ensure that large multinationals are paying sufficient tax in Australia.

This measure will apply to large companies with global revenue of \$1 billion or more. Companies with Australian revenue of less than \$25 million will be exempt, unless they are artificially booking their revenue offshore.

This measure forms part of the Government's Tax Integrity Package, which will strengthen the integrity of Australia's tax system.

**Tax Integrity Package — better protecting tax whistleblowers**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	-	-	*	*

The Government will introduce new arrangements to better protect individuals who disclose information to the Australian Taxation Office (ATO) on tax avoidance behaviour and other tax issues. This measure will take effect from 1 July 2018 and is estimated to have an unquantifiable gain to revenue over the forward estimates period.

Under the new arrangements, individuals, including employees, former employees and advisers, disclosing information to the ATO will be better protected under the law.

This measure forms part of the Government's Tax Integrity Package, which will strengthen the integrity of Australia's tax system.

**Tax Integrity Package — broadening the securitised asset measure**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	*	*	*	*

The Government will extend the application of the 2014-15 Budget measure *Closing loopholes in the consolidation regime – securitised assets* to non-financial institutions with securitisation arrangements. This will ensure that the same treatment applies to liabilities arising from securitisation arrangements within both financial and non-financial institutions. These liabilities will be disregarded if the relevant securitised asset is not recognised for tax purposes. This change will apply to arrangements that commence on or after 7:30 pm (AEST) on 3 May 2016. Transitional rules will apply to arrangements that commence before this time. The revenue gain from this measure is unquantifiable.

The 2014-15 Budget measure was originally targeted at securitisation arrangements within financial institutions because the distortions in the consolidation tax cost setting rules had been first identified in relation to those institutions. The measure is being broadened as similar distortions also arise for all other entities with securitisation arrangements. This will improve the integrity of the consolidation regime.

This measure forms part of the Government's Tax Integrity Package, which will strengthen the integrity of Australia's tax system.



**Tax Integrity Package — deferred tax liabilities**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	*	*	*	*

The Government will amend the consolidation regime's treatment of deferred tax liabilities by removing adjustments relating to deferred tax liabilities from the consolidation entry and exit tax cost-setting rules. This change will apply to joining and leaving events under transactions that commence after the date amending legislation is introduced in Parliament. This measure is estimated to result in an unquantifiable gain to revenue.

Currently there is a commercial/tax mismatch under the consolidation entry and exit tax cost-setting processes for deferred tax liabilities. This gives rise to integrity risks and uncertainty. This measure will more closely align the commercial and tax outcomes, reduce complexity and improve the integrity of the consolidation regime.

This measure forms part of the Government's Tax Integrity Package, which will strengthen the integrity of Australia's tax system.

**Tax Integrity Package — establishing the Tax Avoidance Taskforce**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	77.4	767.7	1,283.8	1,610.0
<i>Related expense (\$m)</i>					
<i>Australian Taxation Office</i>	-	48.8	203.3	212.6	214.2

The Government will provide \$678.9 million to the Australian Taxation Office (ATO) over the forward estimates period to establish a new Tax Avoidance Taskforce. This will enable the ATO to undertake enhanced compliance activities targeting multinationals, large public and private groups and high wealth individuals.

The Tax Avoidance Taskforce will conduct operations to improve tax compliance in high tax risk sectors. This measure provides the ATO with a 55 per cent increase in funding for compliance programs targeting multinationals and high wealth individuals, with a 43 per cent increase in resources devoted to tackling multinationals (including ramping up to an additional 390 average staffing level per year). These changes will result in better targeted audits and higher collections.

The Government will also ensure the ATO has access to the information it needs by enhancing information sharing between the ATO and the Australian Securities and Investments Commission. This supports the operation of the Taskforce through improved risk analysis and detection.

*Budget Measures 2016-17 – Part 1: Revenue Measures*

This measure is estimated to have a gain to revenue of \$3.7 billion over the forward estimates period. The underlying cash receipts impact of this measure is \$2.2 billion over the forward estimates period.

This measure forms part of the Government's Tax Integrity Package, which will strengthen the integrity of Australia's tax system.

**Tax Integrity Package — implementing the OECD hybrid mismatch arrangement rules**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	-	-	*	*

The Government will implement the Organisation for Economic Co-operation and Development's (OECD) rules to eliminate hybrid mismatch arrangements, taking into account the recommendations made by the Board of Taxation in its report on the *Australian implementation of the OECD hybrid mismatch rules*. The Government has asked the Board of Taxation to undertake further work on how best to implement these rules in relation to regulatory capital as part of this measure.

This measure is aimed at multinational corporations that exploit differences in the tax treatment of an entity or instrument under the laws of two or more tax jurisdictions. This measure targets instances where tax is either deferred or not paid at all. It will apply broadly to related parties, members of a control group and structured arrangements.

This measure will apply from the later of 1 January 2018 or six months following the date of Royal Assent of the enabling legislation and is estimated to have an unquantifiable gain to revenue over the forward estimates period.

This measure forms part of the Government's Tax Integrity Package, which will strengthen the integrity of Australia's tax system.

**Tax Integrity Package — increasing administrative penalties for significant global entities**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	-	*	*	*

The Government will increase administrative penalties imposed on companies with global revenue of \$1 billion or more who fail to adhere to tax disclosure obligations. This measure will apply from 1 July 2017 and is estimated to have an unquantifiable gain to revenue over the forward estimates period.

Penalties relating to the lodgement of tax documents to the Australian Taxation Office (ATO) will be increased by a factor of 100. This will raise the maximum penalty from \$4,500 to \$450,000, which will help to ensure that multinational companies do not opt out of their reporting obligations.

Penalties relating to making statements to the ATO will be doubled, to increase the penalties imposed on multinational companies that are being reckless or careless in their tax affairs.

This measure forms part of the Government's Tax Integrity Package, which will strengthen the integrity of Australia's tax system.

### **Tax Integrity Package — strengthening transfer pricing rules**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	*	*	*	*

This measure tackles transfer mispricing by multinationals.

The Government is amending Australia's transfer pricing law to give effect to the 2015 Organisation for Economic Co-operation and Development (OECD) transfer pricing recommendations. The amendment will apply from 1 July 2016.

Australia's transfer pricing legislation currently specifies that it is to be interpreted so as to best achieve consistency with the OECD's Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations as last updated in 2010. On 5 October 2015, the OECD released the report *Aligning Transfer Pricing Outcomes with Value Creation* to update the Guidelines.

The changes to the 2010 OECD Guidelines enhance guidance on intellectual property and hard-to-value-intangibles, and ensure that transfer pricing analysis reflects the economic substance of the transaction. Applying these changes to Australia's transfer pricing rules will keep them in line with international best practice so that profits made in Australia are properly taxed in Australia.

This measure is estimated to have an unquantifiable gain to revenue over the forward estimates period.

This measure forms part of the Government's Tax Integrity Package, which will strengthen the integrity of Australia's tax system.

**Ten Year Enterprise Tax Plan — better targeting the deductible liabilities measure**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	-150.0	-45.0	-40.0	-35.0

The Government will modify how the 2013-14 Budget measure *Closing loopholes in the consolidation regime – deductible liabilities of a joining entity* addresses the double counting of deductible liabilities under the consolidation regime. The modifications mean that a consolidated group that acquires a subsidiary with deductible liabilities will no longer include those liabilities in the consolidation entry tax cost setting process, thus removing a double tax benefit. This measure also defers the start date from 14 May 2013 to 1 July 2016.

The elimination of the double tax benefit will result in increased revenue. However, modifying the 2013-14 Budget measure results in a cost to revenue of \$270.0 million over the forward estimates period, reflecting both the deferred start date and a timing difference for when the double tax benefit is removed under the modified approach. Whereas the 2013-14 Budget measure required the consolidated group to recognise an additional income amount over the first four years after acquiring an entity with deductible liabilities, the modified approach of denying an increase in the consolidated entry cost setting process will result in lower depreciation allowances over a longer period of time and hence a delay to the revenue gain from eliminating the double tax benefit. Over time (and after accounting for the deferred start date), the revenue gain from the two approaches will be broadly the same and hence the cost over the forward estimates period from the modification largely reflects a timing difference only.

This measure removes inequitable consequences for taxpayers identified during consultation on the 2013-14 Budget measure. If introduced as originally announced, the measure would have applied even where no double tax benefit arose in practice. It will also provide a less complex approach than the original 2013-14 Budget measure.

The deferred start date will address difficulties caused by the implementation delay for taxpayers who have undertaken commercial transactions based on the current law.

This measure forms part of the Government's Ten Year Enterprise Tax Plan, which will encourage Australians to work, save and invest.

### Ten Year Enterprise Tax Plan — business simplification — taxation of financial arrangements — regulation reform

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	-	*	*	*

The Government will reform the taxation of financial arrangements (TOFA) rules to reduce the scope, decrease compliance costs and increase certainty through the redesign of the TOFA framework. The new simplified rules will apply to income years on or after 1 January 2018, and are estimated to have an unquantifiable impact on revenue over the forward estimates period.

The current TOFA rules calculate the amount and timing of gains and losses on financial arrangements, and were designed for the largest taxpayers. However, in practice, these rules apply to a significant group of smaller taxpayers and TOFA has not delivered the envisaged compliance cost savings and simplification benefits to these taxpayers.

The measure contains four key components:

- A 'closer link to accounting' which will strengthen and simplify the existing link between tax and accounting in the TOFA rules.
- Simplified accruals and realisation rules, which will significantly reduce the number of taxpayers in the TOFA rules, will reduce the arrangements where spreading of gains and losses is required under TOFA and simplify the required calculations.
- A new tax hedging regime which is easier to access, encompasses more types of risk management arrangements (including risk management of a portfolio of assets) and removes the direct link to financial accounting.
- Simplified rules for the taxation of gains and losses on foreign currency to preserve the current tax outcomes but streamline the legislation.

The new framework will remove the majority of taxpayers from the TOFA rules, result in lower compliance costs, provide simpler rules and more certainty and maintains the objectives of reducing costs and minimising distortions in decision making.

As part of this reform, the Government will incorporate the policy reflected in a number of measures which have previously been announced but are not yet legislated:

- *Taxation of financial arrangements – amendments to tax hedging rules*; first announced in the 2011-12 Budget.

*Budget Measures 2016-17 – Part 1: Revenue Measures*

- *Functional currency rules – extending the range of entities that can use a functional currency; first announced in the 2011-12 Budget.*
- *Taxation of financial arrangements – foreign currency regulations – technical and compliance cost savings amendments; first announced in the Mid-Year Economic and Fiscal Outlook 2004-05.*

This measure forms part of the Government's Ten Year Enterprise Tax Plan, which will encourage Australians to work, save and invest.

**Ten Year Enterprise Tax Plan — enhancing access to asset backed financing**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	-	-	*	*

The Government will remove key barriers to the use of asset backed financing arrangements, which are supported by assets, such as deferred payment arrangements and hire purchase arrangements. The Government will clarify the tax treatment of asset backed financing arrangements and ensure that they are treated in the same way as financing arrangements based on interest bearing loans or investments. This measure will improve access to more diverse sources of capital in Australia. Asset backed financing arrangements can be used to support infrastructure investment as they are well suited to large and longer-term projects.

This measure will apply from 1 July 2018 and is estimated to have an unquantifiable cost to revenue over the forward estimates period.

This measure forms part of the Government's Ten Year Enterprise Tax Plan, which will encourage Australians to work, save and invest.

**Ten Year Enterprise Tax Plan — excise refund scheme for distillers**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	-	-3.0	-3.0	-3.0

The Government will extend the current brewery refund scheme to domestic distilleries and producers of low strength fermented beverages such as non-traditional cider from 1 July 2017. The scheme will not be extended to most alcopops producers (that is, those that merely purchase the spirits and add the soda and other flavours), nor wine which benefits from the wine equalisation tax rebate.

This measure is estimated to have a cost to revenue of \$9.0 million over the forward estimates period.

This measure forms part of the Government's Ten Year Enterprise Tax Plan, which will encourage Australians to work, save and invest.

### Ten Year Enterprise Tax Plan — implementing a new suite of collective investment vehicles

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Securities and Investments Commission	-	-	0.2	0.2	0.2
Australian Taxation Office	-	-	*	*	*
<b>Total — Revenue</b>	-	-	0.2	0.2	0.2
<i>Related expense (\$m)</i>					
Australian Securities and Investments Commission	-	1.6	1.4	1.0	0.4
<i>Related capital (\$m)</i>					
Australian Taxation Office	-	2.0	-	-	-
Australian Securities and Investments Commission	-	1.9	1.6	..	-
<b>Total — Capital</b>	-	3.9	1.6	..	-

The Government will introduce a new tax and regulatory framework for two new types of collective investment vehicles (CIVs). CIVs allow investors to pool their funds and have them managed by a professional funds manager. A corporate CIV will be introduced for income years starting on or after 1 July 2017. This will be followed by a limited partnership CIV for income years starting on or after 1 July 2018.

This measure is estimated to have an unquantifiable cost to tax revenue over the forward estimates period. To implement this measure, the Government will provide \$2.0 million to the Australian Taxation Office and \$7.8 million to the Australian Securities and Investments Commission, which will be partially offset by \$0.7 million in registration fees.

These reforms will enhance the international competitiveness of the Australian managed funds industry by allowing fund managers to offer investment products using vehicles that are commonly in use overseas. This will also maximise the effectiveness of related Government initiatives aimed at increasing access to overseas markets, including the Asia Region Funds Passport.

The new CIVs will be required to meet similar eligibility criteria as managed investment trusts, such as being widely held and engaging in primarily passive investment. Investors in these new CIVs will generally be taxed as if they had invested directly.

This measure forms part of the Government's Ten Year Enterprise Tax Plan, which will encourage Australians to work, save and invest.

**Ten Year Enterprise Tax Plan — increase the small business entity turnover threshold**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	-295.0	-700.0	-550.0	-650.0
<i>Related expense (\$m)</i>					
<i>Department of the Treasury</i>	-	-15.0	..	..	..

The Government will increase the small business entity turnover threshold from \$2.0 million to \$10.0 million from 1 July 2016. The current \$2.0 million turnover threshold will be retained for access to the small business capital gains tax concessions, and access to the unincorporated small business tax discount will be limited to entities with turnover less than \$5.0 million. An additional 90,000 to 100,000 business entities will gain access to the small business concessions, such as the lower small business corporate tax rate, accelerated depreciation and depreciation pooling provisions.

This measure is estimated to have a cost of \$2.2 billion over the forward estimates period.

See the related measures *Ten Year Enterprise Tax Plan – increase the unincorporated small business tax discount* and *Ten Year Enterprise Tax Plan – reducing the company tax rate to 25 per cent*.

This measure forms part of the Government’s Ten Year Enterprise Tax Plan, which will encourage Australians to work, save and invest.

**Ten Year Enterprise Tax Plan — increase the unincorporated small business tax discount**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	-	-150.0	-150.0	-150.0

The Government will increase the tax discount for unincorporated small businesses incrementally over 10 years from 5 per cent to 16 per cent. The tax discount will increase to 8 per cent on 1 July 2016, remain constant at 8 per cent for eight years, then increase to 10 per cent in 2024-25, 13 per cent in 2025-26 and reach a new permanent discount of 16 per cent in 2026-27. This will coincide with staggered cuts in the corporate tax rate to 25 per cent (see the related measure *Ten Year Enterprise Tax Plan – reducing the company tax rate to 25 per cent*). The current cap of \$1,000 per individual for each income year will be retained.

The tax discount applies to the income tax payable on the business income received from an unincorporated small business entity. Access to the discount will be extended to individual taxpayers with business income from an unincorporated business that has an aggregated annual turnover of less than \$5.0 million.



This measure is estimated to have a cost to revenue of \$450.0 million over the forward estimates period.

This measure forms part of the Government's Ten Year Enterprise Tax Plan, which will encourage Australians to work, save and invest.

### **Ten Year Enterprise Tax Plan — reducing the company tax rate to 25 per cent**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	-400.0	-500.0	-800.0	-950.0

The Government will reduce the company tax rate to 25 per cent over 10 years.

The tax rate for businesses with an annual aggregated turnover of less than \$10.0 million will be 27.5 per cent from the 2016-17 income year. The threshold will then be progressively increased to ultimately have all companies at 27.5 per cent in the 2023-24 income year. The annual aggregated turnover thresholds for companies facing a tax rate of 27.5 per cent will be:

- \$25.0 million in the 2017-18 income year;
- \$50.0 million in the 2018-19 income year;
- \$100.0 million in the 2019-20 income year;
- \$250.0 million in the 2020-21 income year;
- \$500.0 million in the 2021-22 income year; and
- \$1 billion in the 2022-23 income year.

In the 2024-25 income year the company tax rate will be reduced to 27 per cent and then be reduced progressively by 1 percentage point per year until it reaches 25 per cent in the 2026-27 income year. Franking credits will be able to be distributed in line with the rate of tax paid by the company making the distribution.

A more competitive company tax rate will encourage investment, raise productivity, increase GDP and over time raise real wages and living standards.

This measure is expected to have a cost to revenue of \$2.7 billion over the forward estimates period.

This measure forms part of the Government's Ten Year Enterprise Tax Plan, which will encourage Australians to work, save and invest.

**Ten Year Enterprise Tax Plan — targeted amendments to Division 7A**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	-	-	-	*

The Government will make targeted amendments to improve the operation and administration of Division 7A of the *Income Tax Assessment Act 1936* (an integrity rule for closely held groups).

These changes will provide clearer rules for taxpayers and assist in easing their compliance burden while maintaining the overall integrity and policy intent of Division 7A. It includes a self-correction mechanism for inadvertent breaches of Division 7A, appropriate safe-harbour rules to provide certainty, simplified Division 7A loan arrangements and a number of technical adjustments to improve the operation of Division 7A and provide increased certainty for taxpayers.

These changes draw on a number of recommendations from the Board of Taxation's Post-implementation Review into Division 7A and will apply from 1 July 2018.

This measure is estimated to have an unquantifiable cost to revenue over the forward estimates period.

This measure forms part of the Government's Ten Year Enterprise Tax Plan, which will encourage Australians to work, save and invest.

**Ten Year Enterprise Tax Plan — targeted personal income tax relief**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	-800.0	-950.0	-1,050.0	-1,150.0

The Government will increase the 32.5 per cent personal income tax threshold from \$80,000 to \$87,000 from 1 July 2016.

This measure will reduce the marginal rate of tax on incomes between \$80,000 and \$87,000 from 37 per cent to 32.5 per cent, preventing around 500,000 taxpayers facing the 37 per cent marginal tax rate. This will ensure that the average full-time wage earner will not move into the second highest tax bracket in the next three years. In the absence of this action, they would move into the second highest tax bracket in 2016-17.

This measure has a cost to revenue of \$4.0 billion over the forward estimates period.

This measure forms part of the Government's Ten Year Enterprise Tax Plan, which will encourage Australians to work, save and invest.

**Ten Year Enterprise Tax Plan — wine equalisation tax rebate integrity and wine tourism funding**

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	-	50.0	70.0	180.0
<i>Related expense (\$m)</i>					
Australian Grape and Wine Authority	-	2.0	16.0	15.9	16.1

The Government will address integrity concerns with the wine equalisation tax (WET) rebate by reducing the WET rebate cap and tightening eligibility criteria.

The Government will reduce the WET rebate cap from \$500,000 to \$350,000 on 1 July 2017 and to \$290,000 on 1 July 2018 and introduce tightened eligibility criteria which will apply from 1 July 2019. This measure will better target assistance and reduce distortions in the wine industry.

The Government will also provide \$50.0 million over four years to the Australian Grape and Wine Authority to promote wine tourism within Australia and Australian wine overseas to benefit regional wine producing communities.

This measure is estimated to have a gain to the Budget of \$250.0 million over the forward estimates period.

This measure forms part of the Government's Ten Year Enterprise Tax Plan, which will encourage Australians to work, save and invest.

