

## Part 1: Revenue Measures

**Table 1: Revenue measures since the 2016-17 MYEFO<sup>(a)</sup>**

Page		2016-17 \$m	2017-18 \$m	2018-19 \$m	2019-20 \$m	2020-21 \$m
<b>AGRICULTURE AND WATER RESOURCES</b>						
<i>Department of Agriculture and Water Resources</i>						
7	Changes to agricultural production levies	0.4	2.1	2.1	2.1	2.1
61	Domestic Ballast Water — cost recovery(b)	-	nfp	nfp	nfp	nfp
63	Regional Investment Corporation — establishment(b)	-	-	3.2	8.8	13.1
63	Strengthening Australia's Food Safety System(b)	-	nfp	nfp	nfp	nfp
<b>Portfolio total</b>		<b>0.4</b>	<b>2.1</b>	<b>5.3</b>	<b>10.9</b>	<b>15.2</b>
<b>ATTORNEY-GENERAL'S</b>						
<i>Attorney-General's Department</i>						
106	Gold Coast 2018 Commonwealth Games — additional Australian Government support(b)	-	nfp	-	-	-
<i>Australian Criminal Intelligence Commission</i>						
106	Gold Coast 2018 Commonwealth Games — additional Australian Government support(b)	-	nfp	-	-	-
<i>Australian Security Intelligence Organisation</i>						
106	Gold Coast 2018 Commonwealth Games — additional Australian Government support(b)	-	nfp	-	-	-
<b>Portfolio total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>COMMUNICATIONS AND THE ARTS</b>						
<i>Australian Communications and Media Authority</i>						
72	Broadband Performance Monitoring and Reporting Program — establishment(b)	-	-	2.0	1.7	1.6
9	Broadcasting and Content Reform Package — replacing broadcast licence fees with broadcast spectrum pricing	-126.9	-86.9	-86.9	-86.9	-86.9
106	Gold Coast 2018 Commonwealth Games — additional Australian Government support(b)	nfp	nfp	-	-	-
<b>Portfolio total</b>		<b>-126.9</b>	<b>-86.9</b>	<b>-84.9</b>	<b>-85.2</b>	<b>-85.3</b>
<b>EDUCATION AND TRAINING</b>						
<i>Australian Skills Quality Authority</i>						
10	Australian Skills Quality Authority — establishment of registration levy	-	-	-	-	-
<i>Department of Education and Training</i>						
Higher Education Reform						
81	— a fairer and student-focused higher education system(b)	-	-	0.3	1.5	3.7
83	— a more sustainable higher education sector(b)	30.7	153.3	288.1	426.9	594.1

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Page		2016-17 \$m	2017-18 \$m	2018-19 \$m	2019-20 \$m	2020-21 \$m
<b>EDUCATION AND TRAINING (continued)</b>						
77	Unlegislated Budget Repair Measures — not proceeding(b)	-0.2	243.8	457.2	442.8	467.0
<b>Portfolio total</b>		<b>30.5</b>	<b>397.1</b>	<b>745.6</b>	<b>871.2</b>	<b>1,064.8</b>
<b>ENVIRONMENT AND ENERGY</b>						
<i>Department of the Environment and Energy</i>						
10	National Emissions Standards for Non-Road Spark Ignition Engines and Equipment — cost recovery(b)	-	0.4	2.7	2.7	2.7
<b>Portfolio total</b>		<b>-</b>	<b>0.4</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>
<b>FINANCE</b>						
<i>Department of Finance</i>						
187	ASC Pty Ltd — equity injection(c)	-	0.1	0.4	0.8	1.2
153	National Disability Insurance Scheme — finalisation of transition arrangements(b)	-1.5	-2.8	-2.7	-	-
154	National Disability Insurance Scheme Quality and Safeguards Commission — establishment(b)	-	-0.2	-0.1	-	-
<i>Future Fund Management Agency</i>						
11	Future Fund — timing of drawdowns	-	-	-	-	249.5
<b>Portfolio total</b>		<b>-1.5</b>	<b>-2.9</b>	<b>-2.4</b>	<b>0.8</b>	<b>250.7</b>
<b>HEALTH</b>						
<i>Australian Aged Care Quality Agency</i>						
153	National Disability Insurance Scheme — finalisation of transition arrangements(b)	-	-	-	-	-
<i>Australian Sports Anti-Doping Authority</i>						
106	Gold Coast 2018 Commonwealth Games — additional Australian Government support(b)	nfp	nfp	-	-	-
<i>Department of Health</i>						
106	Gold Coast 2018 Commonwealth Games — additional Australian Government support(b)	-	nfp	-	-	-
108	Guaranteeing Medicare — Medicare Benefits Schedule — improved compliance(b)	-	-	13.0	15.6	15.6
114	Improving Access to Medicines — Pharmaceutical Benefits Scheme — new and amended listings(b)	nfp	nfp	nfp	nfp	nfp
153	National Disability Insurance Scheme — finalisation of transition arrangements(b)	-	-	21.4	37.9	-
<b>Portfolio total</b>		<b>-</b>	<b>-</b>	<b>34.4</b>	<b>53.5</b>	<b>15.6</b>
<b>IMMIGRATION AND BORDER PROTECTION</b>						
<i>Department of Immigration and Border Protection</i>						
129	Advanced Manufacturing Fund(b)	-1.5	-3.0	-3.0	-3.0	-3.0
12	Aligning the tax treatment of roll your own tobacco and cigarettes	-	30.0	70.0	110.0	150.0

**Table 1: Revenue measures since the 2016-17 MYEFO<sup>(a)</sup> (continued)**

Page		2016-17 \$m	2017-18 \$m	2018-19 \$m	2019-20 \$m	2020-21 \$m
	<b>IMMIGRATION AND BORDER PROTECTION (continued)</b>					
13	Better targeting skilled visas	25.0	1.1	39.7	54.8	-16.0
15	Community Support Programme — establishment	-	6.0	6.0	6.0	6.0
15	Indexation of visa application charges	-	35.0	70.0	125.0	180.0
16	Indonesia-Australia Comprehensive Economic Partnership Agreement — Elimination of tariffs on pesticides and herbicides	..	-1.2	-1.2	-0.6	-
16	Skilling Australians Fund levy — introduction	-	90.0	360.0	390.0	370.0
128	Strengthening Australian Citizenship Arrangements(b)	-	-2.1	-1.5	-1.5	-1.5
17	Temporary sponsored parent visa — establishment	-	5.0	25.1	30.6	31.9
	<b>Portfolio total</b>	<b>23.5</b>	<b>160.8</b>	<b>565.1</b>	<b>711.3</b>	<b>717.4</b>
	<b>INFRASTRUCTURE AND REGIONAL DEVELOPMENT</b>					
	<i>Department of Infrastructure and Regional Development</i>					
189	Delivery of Inland Rail(c)	-	nfp	nfp	nfp	nfp
19	University of the Sunshine Coast, Moreton Bay Campus — concessional loan	-	nfp	nfp	nfp	nfp
	<b>Portfolio total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>SOCIAL SERVICES</b>					
	<i>Department of Social Services</i>					
153	National Disability Insurance Scheme — finalisation of transition arrangements(b)	-	-	-	-	-
	<i>National Disability Insurance Scheme Launch Transition Agency</i>					
153	National Disability Insurance Scheme — finalisation of transition arrangements(b)	-	-108.2	-186.1	-358.1	-410.3
	<b>Portfolio total</b>	<b>-</b>	<b>-108.2</b>	<b>-186.1</b>	<b>-358.1</b>	<b>-410.3</b>
	<b>TREASURY</b>					
	<i>Australian Competition and Consumer Commission</i>					
33	Strengthening Penalties under the Australian Consumer Law	-	-	*	*	*
	<i>Australian Prudential Regulation Authority</i>					
	A More Accountable and Competitive Banking System					
160	– improving accountability(b)	-	1.4	2.4	2.2	2.2
161	– improving competition(b)	-	3.0	3.2	3.5	3.5
162	– improving external dispute resolution(b)	-	-2.0	-	-	-5.2

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Page		2016-17 \$m	2017-18 \$m	2018-19 \$m	2019-20 \$m	2020-21 \$m
	<b>TREASURY (continued)</b>					
	<i>Australian Prudential Regulation Authority</i>					
163	– modernising powers to address systemic risks(b)	-	-	0.6	0.6	0.6
164	– supporting an efficient financial system(b)	-	4.7	8.7	6.9	6.6
	<i>Australian Securities and Investments Commission</i>					
162	A More Accountable and Competitive Banking System — improving external dispute resolution(b)	-	-	1.8	1.1	0.7
164	Australian Securities and Investments Commission — improving financial literacy(b)	-	-	4.0	4.0	4.0
165	Crowd-sourced Equity Funding for Proprietary Companies(b)	-	-	1.3	1.1	1.1
22	Finalisation of the Industry Funding Model for the Australian Securities and Investments Commission	-	-	37.8	37.3	37.5
	<i>Australian Taxation Office</i>					
20	Additional funding for addressing serious and organised crime in the tax system	-	45.0	125.5	118.4	119.6
12	Aligning the tax treatment of roll your own tobacco and cigarettes	-	5.0	10.0	10.0	10.0
13	Better targeting skilled visas	-	33.9	-34.7	-109.8	-74.0
9	Broadcasting and Content Reform Package — replacing broadcast licence fees with broadcast spectrum pricing	-	-	20.0	20.0	20.0
20	Commonwealth contribution to Bourke Street Fund	-	-0.5	..	..	..
146	Commonwealth Redress Scheme for Survivors of Institutional Child Sexual Abuse(b)	-	-	-	-	-
21	Extending tax relief for merging superannuation funds	-	-	*	*	*
21	Extending the immediate deductibility threshold for small businesses	-	..	-950.0	50.0	250.0
22	GST — removing the double taxation of digital currency	-	*	*	*	*
23	Indirect Tax Concession Scheme — diplomatic and consular concessions	..	..	..	..	..
24	Major bank levy — introduction	-	1,600.0	1,500.0	1,500.0	1,600.0
24	Personal income tax — increase in the Medicare levy — National Disability Insurance Scheme	-	-	400.0	3,550.0	4,250.0
25	Personal Income Tax — increasing the Medicare levy low-income thresholds	-	-60.0	-40.0	-40.0	-40.0
26	Reducing Pressure on Housing Affordability — affordable housing through Managed Investment Trusts	-	-	*	*	*

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Page		2016-17 \$m	2017-18 \$m	2018-19 \$m	2019-20 \$m	2020-21 \$m
	<b>TREASURY (continued)</b>					
	Reducing Pressure on Housing Affordability					
27	– annual charge on foreign owners of underutilised residential property	-	..	5.0	5.0	10.0
27	– capital gains tax changes for foreign investors	*	150.0	100.0	150.0	200.0
28	– contributing the proceeds of downsizing to superannuation	-	-	..	-10.0	-20.0
29	– disallow the deduction of travel expenses for residential rental property	-	..	160.0	180.0	200.0
29	– expanding tax incentives for investments in affordable housing	-	-	..	-5.0	-10.0
30	– first home super saver scheme	-	-50.0	-60.0	-70.0	-70.0
30	– limit plant and equipment depreciation deductions to outlays actually incurred by investors	-	-	40.0	100.0	120.0
31	– restrict foreign ownership in new developments to no more than 50 per cent	-	-	-	-	-
32	Streamlining and enhancing the foreign investment framework	-	-5.1	-5.1	-5.1	-5.1
	Superannuation					
33	– integrity of limited recourse borrowing arrangements	-	..	..	1.0	3.0
34	– integrity of non-arm's length arrangements	-	-	5.0	5.0	10.0
	Tax Integrity Package					
34	– application of the OECD hybrid mismatch rules to regulatory capital	-	-	-	-	-
35	– Black Economy Taskforce: extension of the taxable payments reporting system to contractors in the courier and cleaning industries	-	-21.0	-1.0	146.0	194.0
35	– Black Economy Taskforce: one year extension of funding for ATO audit and compliance activities	-	441.7	85.5	42.7	19.1
36	– Black Economy Taskforce: prohibition on sales suppression technology and software	*	*	*	*	*
37	– combatting fraud in the precious metals industry	*	*	*	*	*
38	– improving the integrity of GST on property transactions	-	-	200.0	220.0	240.0
38	– improving the small business capital gains tax concessions	-	-	*	*	*
39	– toughening the multinational anti-avoidance law	*	*	*	*	*
17	Temporary sponsored parent visa — establishment	-	-	0.9	4.4	12.1
77	Unlegislated Budget Repair Measures — not proceeding(b)	50.0	200.0	200.0	200.0	250.0

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Page		2016-17	2017-18	2018-19	2019-20	2020-21
		\$m	\$m	\$m	\$m	\$m
	<b>TREASURY (continued)</b>					
	<i>Department of the Treasury</i>					
153	National Disability Insurance Scheme — finalisation of transition arrangements(b)	-	-	-	-	-
170	Reducing Pressure on Housing Affordability — National Housing Infrastructure Facility(b)	-	-	nfp	nfp	nfp
	Tax Integrity Package					
37	— combatting fraud in the precious metals industry	-	0.3	-3.1	-3.8	-4.2
38	— improving the integrity of GST on property transactions	-	2.8	-2.6	-4.6	-4.8
	<b>Portfolio total</b>	<b>50.0</b>	<b>2,349.2</b>	<b>1,815.3</b>	<b>6,110.9</b>	<b>7,330.6</b>
	<b>Decisions taken but not yet announced</b>	<b>24.0</b>	<b>128.8</b>	<b>342.4</b>	<b>362.2</b>	<b>377.6</b>
	<b>Total impact of revenue measures(d)</b>	<b>..</b>	<b>2,840.4</b>	<b>3,237.5</b>	<b>7,680.0</b>	<b>9,279.1</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)	2016-17	2017-18	2018-19	2019-20	2020-21
Department of Agriculture and Water Resources	0.4	2.1	2.1	2.1	2.1
<i>Related expense (\$m)</i>					
<i>Department of Agriculture and Water Resources</i>	<i>0.4</i>	<i>2.1</i>	<i>2.1</i>	<i>2.1</i>	<i>2.1</i>

The Government is making changes to the following agricultural levies and export charges at the request of industry to meet changes in the biosecurity and research and development (R&D) funding needs of the agricultural sector:

- Bananas: on 1 April 2017, the Government increased the Plant Health Australia (PHA) component of the banana levy by 0.4897 cents per kilogram, from 0.0103 cents per kilogram to 0.5 cents per kilogram, and rounded the marketing component of the levy to 1.15 cents per kilogram (from 1.1497 cents per kilogram), at the request of the Australian Banana Growers' Council. The funds raised will be used to repay the \$3.0 million grant provided by the Government to assist the banana industry with measures to manage and contain Panama disease (Tropical Race 4).
- Avocados: on 1 April 2017, the Government introduced a PHA levy of 0.1 cents per kilogram of fresh avocados, as proposed by Avocados Australia, to support biosecurity management for the industry. There is a corresponding reduction of 0.1 cents in the existing avocado R&D levy rate from 3.0 cents per kilogram to 2.9 cents per kilogram.
- Seed cotton: on 1 April 2017, the Government introduced a mandatory export charge of \$4.06 per tonne on seed cotton exports, comprising a \$3.99 per tonne R&D levy, \$0.07 per tonne PHA levy, and an Emergency Plant Pest Response (EPPR) levy presently set at zero, at the request of Cotton Australia. This will ensure that the levies currently collected on all cotton lint produced in Australia continue to be collected in the case that some cotton lint is exported as seed cotton.
- Tea tree oil: from 1 July 2017, the Government will establish an R&D levy of 25 cents per kilogram of tea tree oil sold domestically or exported, at the request of the Australian Tea Tree Industry Association. The Government previously provisioned for a matching contribution of \$140,000 per annum, consistent with its commitment in the *Agricultural Competitiveness White Paper*. An EPPR levy will also be established at a nil rate, with a positive rate to be activated at a later date if required to respond to disease incursion.

*Budget Measures 2017-18 – Part 1: Revenue Measures*

- Thoroughbreds: from 1 July 2017, the Government will implement its election commitment and establish an R&D levy of \$10 per mare covered (paid by the stallion owner) or returned (paid by the broodmare owner) per season, as requested by Thoroughbred Breeders Australia. The Government previously provisioned for a matching contribution of \$400,000 per annum, consistent with its election commitment.
- Laying chickens: from 1 July 2017, the Emergency Animal Disease Response (EADR) levy on laying chickens will be reduced from 1.4 cents per one-day-old chick to zero, as requested by the Australian Egg Corporation Limited. This reflects that the egg industry's liability incurred for the eradication of the avian influenza outbreaks under the EADR Agreement has been repaid.



## COMMUNICATIONS AND THE ARTS

### Broadcasting and Content Reform Package — replacing broadcast licence fees with broadcast spectrum pricing

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Australian Taxation Office	-	-	20.0	20.0	20.0
Australian Communications and Media Authority	-126.9	-86.9	-86.9	-86.9	-86.9
<b>Total — Revenue</b>	<b>-126.9</b>	<b>-86.9</b>	<b>-66.9</b>	<b>-66.9</b>	<b>-66.9</b>
<i>Related expense (\$m)</i>					
<i>Department of Communications and the Arts</i>	-	6.2	6.2	6.2	6.2
<i>Australian Communications and Media Authority</i>	-	0.1	-	-	-
<b>Total — Expense</b>	<b>-</b>	<b>6.3</b>	<b>6.2</b>	<b>6.2</b>	<b>6.2</b>

The Government will abolish broadcast licence fees, datacasting charges and existing apparatus licence fees for broadcasting spectrum. Abolition would apply to fees from 2016-17. These charges will be replaced from 2017-18 by a new regime of apparatus licence fees for broadcasting spectrum. This change is estimated to have a cost to revenue of \$414.5 million over the forward estimates period.

A transitional support package will be provided to compensate the small number of licensees who would otherwise be worse off following the changes. This support package is estimated to have a cost of \$24.8 million over the forward estimates period.

The Australian Communications and Media Authority will also receive \$0.1 million in 2017-18 to establish the transitional support package.

## EDUCATION AND TRAINING

### Australian Skills Quality Authority — establishment of registration levy

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Australian Skills Quality Authority	-	-	-	-	-

The Government will simplify the way that the Australian Skills Quality Authority recovers some of its costs from training providers in the Vocational Education and Training sector by replacing two existing annual registration charges with a new simplified registration levy established under the *National Vocational Education and Training Regulator (Charges) Act 2012*.

As this levy replaces existing charges, there is no net impact on the Budget.

## ENVIRONMENT AND ENERGY

### National Emissions Standards for Non-Road Spark Ignition Engines and Equipment — cost recovery

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Department of the Environment and Energy	-	0.4	2.7	2.7	2.7
<i>Related expense (\$m)</i>					
<i>Department of the Environment and Energy</i>	-	1.7	1.8	1.8	1.8
<i>Department of Immigration and Border Protection</i>	-	..	..	..	..
<i>Total — Expense</i>	-	1.8	1.8	1.8	1.8
<i>Related capital (\$m)</i>					
<i>Department of the Environment and Energy</i>	-	1.1	-	-	-
<i>Department of Immigration and Border Protection</i>	-	..	-	-	-
<i>Total — Capital</i>	-	1.1	-	-	-

The Government will introduce cost recovery arrangements to administer new product emissions standards for Non-Road Spark Ignition Engines and Equipment (NRSIEE). Importers and manufacturers would be charged a levy on introducing new NRSIEE into the Australian market. The levy is intended to take effect from 1 July 2018.

The development of a national approach to reduce NRSIEE emissions is a result of the National Clean Air Agreement established by Australia's Environment Ministers in December 2015.

There will be no net impact to the Budget over the forward estimates.

## FINANCE

### Future Fund — timing of drawdowns

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Future Fund Management Agency	-	-	-	-	249.5
<i>Related expense (\$m)</i>					
Future Fund Management Agency	-	-	-	-	11.4

The Government has decided that drawdowns from the Future Fund will not commence in 2020-21. This approach will preserve the assets of the Future Fund for a further year.

Under the *Future Fund Act 2006*, drawdowns to assist in meeting the unfunded liabilities of Australian Government civilian and defence superannuation schemes may, but are not required to, commence from 2020-21.

The Government will review whether drawdowns will commence in 2021-22 prior to the 2018-19 Budget.

This measure records a small positive impact of \$238.1 million from increased Future Fund earnings, as a result of preserving the assets of the Future Fund for an additional year. This will be partly offset by increased Public Debt Interest expenses.

## IMMIGRATION AND BORDER PROTECTION

### Aligning the tax treatment of roll your own tobacco and cigarettes

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Department of Immigration and Border Protection	-	30.0	70.0	110.0	150.0
Australian Taxation Office	-	5.0	10.0	10.0	10.0
Total — Revenue	-	35.0	80.0	120.0	160.0
<i>Related expense (\$m)</i>					
<i>Department of the Treasury</i>	-	5.0	10.0	10.0	10.0

The Government will adjust the taxation of roll your own (RYO) tobacco and other products such as cigars, so that manufactured cigarettes and RYO tobacco cigarettes receive comparable tax treatment.

This will be achieved by calculating the per kilogram excise and excise-equivalent customs duty rates on the assumption that the average tobacco content of a cigarette is 0.7 grams, rather than the current assumption of 0.8 grams. Since the average cigarette contains less than 0.8 grams of tobacco, the current tax treatment of RYO tobacco is relatively more favourable. The adjustment to the rates of duty will better align the tax on tobacco regardless of its form.

The adjustment will be phased in over four years, from 2017 to 2020, to match the timing of the previously legislated 12.5 per cent tobacco tax increases, which occur on 1 September each year. The first of the four annual changes will occur on 1 September 2017.

This measure is estimated to have a gain to the budget of \$360.0 million over the forward estimates period. This includes an additional GST component of \$35.0 million which will be paid to the States and Territories.

**Better targeting skilled visas**

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Australian Taxation Office	-	33.9	-34.7	-109.8	-74.0
Department of Immigration and Border Protection	25.0	1.1	39.7	54.8	-16.0
<b>Total — Revenue</b>	<b>25.0</b>	<b>35.0</b>	<b>5.0</b>	<b>-55.0</b>	<b>-90.0</b>
<i>Related expense (\$m)</i>					
<i>Department of the Treasury</i>	-	5.1	-25.9	-47.3	-34.4
<i>Department of Immigration and Border Protection</i>	-	3.3	-1.3	-0.3	-8.1
<i>Department of Human Services</i>	-	2.6	-	-	-
<i>Department of Health</i>	-	0.2	-0.7	-2.3	-9.3
<i>Department of Education and Training</i>	-	0.1	0.3	-0.1	-3.7
<i>Department of Social Services</i>	-	-	-	-1.0	-9.8
<b>Total — Expense</b>	<b>-</b>	<b>11.4</b>	<b>-27.6</b>	<b>-51.1</b>	<b>-65.3</b>
<i>Related capital (\$m)</i>					
<i>Department of Immigration and Border Protection</i>	-	5.0	-	-	-

The Government will abolish the Temporary Work (Skilled) (subclass 457) visa and replace it with a new Temporary Skill Shortage visa. The new visa will comprise two streams: a short-term stream allowing entry for up to two years and a medium-term stream allowing entry for up to four years. The visa application charges will be increased from the current \$1,060 per primary 457 visa to \$1,150 per primary visa for the short-term stream and \$2,400 per primary visa for the medium-term stream.

Short-term visa holders will be able to renew their visa onshore once and will not be eligible to apply for employer sponsored permanent residency.

Medium-term visa holders will require a higher level of English language proficiency than under the current 457 visa and will be eligible for permanent residency after three years.

Both streams will be subject to tighter eligibility requirements, including at least two years of relevant work experience, labour market testing and mandatory criminal history checks.

Complementary changes will be made to the permanent Employer Nomination Scheme (subclass 186) visa and the permanent Regional Sponsored Migration Scheme (subclass 187) visa. These changes include restoration of the upper age limit for applicants to 45 years and increased English language requirements for some streams.

*Budget Measures 2017-18 – Part 1: Revenue Measures*

The skilled occupation lists have also been revised to focus more sharply on skill shortages. The lists will be updated regularly.

These changes are being implemented in stages between April 2017 and March 2018.

This measure is estimated to have a gain to the budget of \$47.6 million over the forward estimates period.

Further information can be found in the joint press release of 18 April 2017 issued by the Prime Minister and the Minister for Immigration and Border Protection.

**Community Support Programme — establishment**

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Department of Immigration and Border Protection	-	6.0	6.0	6.0	6.0
<i>Related expense (\$m)</i>					
Department of Human Services	0.8	6.0	0.7	0.7	0.7
Department of Immigration and Border Protection	-	0.4	0.3	0.3	0.3
Department of Social Services	-	-	-1.4	-5.8	-6.0
<b>Total — Expense</b>	<b>0.8</b>	<b>6.4</b>	<b>-0.4</b>	<b>-4.8</b>	<b>-4.9</b>

The Government remains committed to expanding Australia’s Humanitarian Programme to 16,250 places in 2017-18 and to 18,750 places in 2018-19. From 1 July 2017, the Government will allocate up to 1,000 places from the Humanitarian Programme to a new Community Support Programme. This measure is estimated to have a gain to the budget of \$26.9 million over the forward estimates period.

The Community Support Programme will enable individuals, groups and businesses to sponsor humanitarian entrants to Australia. In return, sponsors will be required to support humanitarian entrants during their first year in Australia, including by funding their visa application, airfares and settlement services, and refunding any working age payments made to the humanitarian entrant.

All permanent humanitarian visa holders, including Community Support Programme entrants, will continue to have access to Medicare, English language tuition and employment services (if eligible).

The Community Support Programme replaces the Community Proposal Pilot.

**Indexation of visa application charges**

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Department of Immigration and Border Protection	-	35.0	70.0	125.0	180.0

From 1 July 2017, the Government will index visa application charges in line with the forecast CPI published annually in the Budget.

This measure is estimated to have a gain to revenue of \$410.0 million over the forward estimates period.

The revenue generated from this measure will be used by the Government to fund reform of Australia’s visa arrangements and other policy priorities.

**Indonesia-Australia Comprehensive Economic Partnership Agreement —  
elimination of tariffs on pesticides and herbicides**

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Department of Immigration and Border Protection	..	-1.2	-1.2	-0.6	-

On 26 February 2017, the Prime Minister and the President of the Republic of Indonesia jointly announced that Australia will eliminate tariffs on pesticides and herbicides from Indonesia, and that Indonesia will reduce its tariff on Australian sugar to five per cent. Both parties are working to complete their respective domestic processes to give effect to the changes as soon as possible. The changes represent an early outcome from the Indonesia-Australia Comprehensive Economic Partnership Agreement negotiations and are contingent on Indonesia meeting its commitments. The tariff elimination is estimated to have a cost to revenue of \$3.0 million over the forward estimates period and brings forward the existing commitment under the ASEAN-Australia-New Zealand Free Trade Agreement to eliminate these tariffs by 2020.

Further information can be found in the joint statement by the Australian Prime Minister and the President of the Republic of Indonesia of 26 February 2017.

**Skilling Australians Fund levy — introduction**

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Department of Immigration and Border Protection	-	90.0	360.0	390.0	370.0
<i>Related expense (\$m)</i>					
Department of Immigration and Border Protection	-	0.3	-	-	-
<i>Related capital (\$m)</i>					
Department of Immigration and Border Protection	-	1.0	-	-	-

From March 2018, businesses that employ foreign workers on certain skilled visas will be required to pay a levy that will provide revenue for a new *Skilling Australians Fund*.

Businesses with turnover of less than \$10 million per year will be required to make an upfront payment of \$1,200 per visa per year for each employee on a Temporary Skill Shortage visa and make a one-off payment of \$3,000 for each employee being sponsored for a permanent Employer Nomination Scheme (subclass 186) visa or a permanent Regional Sponsored Migration Scheme (subclass 187) visa.



Businesses with turnover of \$10 million or more per year will be required to make an upfront payment of \$1,800 per visa year for each employee on a Temporary Skill Shortage visa and make a one-off payment of \$5,000 for each employee being sponsored for a permanent Employer Nomination Scheme (subclass 186) visa or a permanent Regional Sponsored Migration Scheme (subclass 187) visa.

The levy will replace the current training benchmark financial obligations for employers of workers on Temporary Work (Skilled) (subclass 457) visas, which are being abolished, and permanent Employer Nomination Scheme (subclass 186) Direct Entry stream visas.

This measure is estimated to have a gain to revenue of \$1.2 billion over the forward estimates period, which will be used to support the training and development of Australian workers.

See also the related expense measure titled *Skilling Australians Fund* in the Education and Training portfolio.

#### Temporary sponsored parent visa — establishment

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Department of Immigration and Border Protection	-	5.0	25.1	30.6	31.9
Australian Taxation Office	-	-	0.9	4.4	12.1
Total — Revenue	-	5.0	26.0	35.0	44.0
<i>Related expense (\$m)</i>					
<i>Department of the Treasury</i>	-	-	..	3.0	8.0

The Government will introduce a new temporary sponsored parent visa from November 2017, with 15,000 visas to be made available annually. The temporary sponsored parent visa will allow parents of Australian citizens, Australian permanent residents and eligible New Zealand citizens to stay in Australia for periods of up to three or five years. The visa may be renewed from outside Australia to allow a cumulative stay of up to ten years. Temporary sponsored parent visa holders will not be eligible to apply onshore for a permanent parent visa.

The visa holder's sponsor, their Australian child, will have legal liability for public health expenditure (including aged care arrangements) incurred by the visa holder in Australia. This is designed to reduce the cost to the Government of health services for temporary parent migrants.

Existing contributory and non-contributory parent visas will remain open to new applicants.

The introduction of the new temporary sponsored parent visa responds to community concerns around existing parent visas, including wait times and visa costs. The

*Budget Measures 2017-18 – Part 1: Revenue Measures*

Department of Immigration and Border Protection will undertake a review of the temporary sponsored parent visa at the end of the first program year.

This measure is estimated to have a gain to the budget of \$99.0 million over the forward estimates period.

This measure delivers on the Government's election commitment.

## INFRASTRUCTURE AND REGIONAL DEVELOPMENT

### University of the Sunshine Coast, Moreton Bay Campus — concessional loan

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Department of Infrastructure and Regional Development	-	nfp	nfp	nfp	nfp
<i>Related expense (\$m)</i>					
<i>Department of Infrastructure and Regional Development</i>	-	nfp	nfp	nfp	nfp

The Government will provide a concessional loan to the University of the Sunshine Coast to finance the construction of the foundation facilities for a new Moreton Bay university campus in Queensland.

The concessional loan will be in addition to the \$35.0 million grant provided to the Moreton Bay Regional Council for infrastructure at the Moreton Bay university precinct as part of the 2016-17 MYEFO measure titled *Community Infrastructure Projects – new announcements*.

This measure will support the development of a City Deals Strategy for South East Queensland, which will involve inviting the Queensland Government, and local governments in the region, to work with the Commonwealth to support economic development in key growth areas, including by developing a long-term plan for the region.

The financial implications of this measure are not for publication (nfp) pending negotiation on the final terms of the loan with the University of the Sunshine Coast.

## TREASURY

### Additional funding for addressing serious and organised crime in the tax system

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Australian Taxation Office	-	45.0	125.5	118.4	119.6
<i>Related expense (\$m)</i>					
<i>Australian Taxation Office</i>	-	7.1	7.0	7.0	7.1

The Government will provide \$28.2 million to the Australian Taxation Office (ATO) to target serious and organised crime in the tax system. This extends an existing measure by a further four years to 30 June 2021. This measure is estimated to have a gain to revenue of \$408.5 million and a net gain to the budget of \$380.3 million over the forward estimates period.

The ATO's compliance work is currently funded to 30 June 2017. This tax integrity measure will enable the ATO to continue compliance work against serious and organised crime.

### Commonwealth contribution to Bourke Street Fund

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Australian Taxation Office	-	-0.5	..	..	..
<i>Related expense (\$m)</i>					
<i>Department of Social Services</i>	-	-	-	-	-

The Government will provide \$0.1 million in 2016-17 to the Bourke Street Fund, which was established by the Victorian Government to support families affected by the Bourke Street tragedy on 20 January 2017. The Bourke Street Fund has also been approved as a specifically-listed deductible gift recipient.

The Commonwealth contribution to the Bourke Street Fund will be met from within existing resources of the Department of Social Services.

Taxpayers may claim an income tax deduction for gifts of \$2 or more to the Bourke Street Fund for gifts made after 20 January 2017 and before 21 January 2022. This is estimated to have a cost to revenue of \$0.5 million over the forward estimates period.

Further information can be found in the joint press release of 22 January 2017 issued by the Prime Minister and the Minister for Revenue and Financial Services.

**Extending tax relief for merging superannuation funds**

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Australian Taxation Office	-	-	*	*	*

The Government will extend the current tax relief for merging superannuation funds until 1 July 2020. This measure is estimated to have an unquantifiable cost to revenue over the forward estimates period.

Since December 2008, tax relief has been available for superannuation funds to transfer capital and revenue losses to a new merged fund, and to defer taxation consequences on gains and losses from revenue and capital assets. This tax relief was due to lapse on 1 July 2017.

The tax relief will be temporarily extended as the Productivity Commission completes a review into the efficiency and competitiveness of Australia's superannuation industry.

Extending this relief will ensure superannuation fund members' balances are not reduced by tax when superannuation funds merge. It will remove tax as an impediment to mergers and facilitate industry consolidation. Consolidation should lead to better retirement outcomes through reduced costs.

**Extending the immediate deductibility threshold for small businesses**

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Australian Taxation Office	-	..	-950.0	50.0	250.0

The Government will extend the 2015-16 Budget measure *Growing Jobs and Small Business – expanding accelerated depreciation for small businesses* by 12 months to 30 June 2018 for businesses with aggregated annual turnover less than \$10 million. This measure is estimated to have a cost to revenue of \$650.0 million over the forward estimates period.

Small businesses will be able to immediately deduct purchases of eligible assets costing less than \$20,000 first used or installed ready for use by 30 June 2018. Only a few assets are not eligible (such as horticultural plants and in-house software).

Assets valued at \$20,000 or more (which cannot be immediately deducted) can continue to be placed into the small business simplified depreciation pool (the pool) and depreciated at 15 per cent in the first income year and 30 per cent each income year thereafter. The pool can also be immediately deducted if the balance is less than \$20,000 over this period (including existing pools).

### *Budget Measures 2017-18 – Part 1: Revenue Measures*

The current 'lock out' laws for the simplified depreciation rules (these prevent small businesses from re-entering the simplified depreciation regime for five years if they opt out) will continue to be suspended until 30 June 2018.

This measure will improve cash flow for small businesses, providing a boost to small business activity and investment for another year.

From 1 July 2018, the immediate deductibility threshold and the balance at which the pool can be immediately deducted will revert back to \$1,000.

#### **Finalisation of the Industry Funding Model for the Australian Securities and Investments Commission**

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Australian Securities and Investments Commission	-	-	37.8	37.3	37.5

The Government will recover \$112.6 million over the forward estimates period from all entities regulated by the Australian Securities and Investments Commission (ASIC) through a statutory levy, with effect from 1 July 2017. The statutory levy will recover costs associated with:

- the promotion of financial literacy;
- the administration of unclaimed moneys;
- the operation of the North Queensland Insurance Aggregator; and
- activities funded by ASIC's Enforcement Special Account.

This extends the 2016-17 Budget measure, *Australian Securities and Investments Commission – Improving Outcomes in Financial Services*, by ensuring that all of ASIC's regulatory costs are recovered from those entities that create the need for regulation.

Further information can be found in the joint press release of 20 April 2016 issued by the Treasurer and the former Minister for Small Business and Assistant Treasurer.

#### **GST — removing the double taxation of digital currency**

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Australian Taxation Office	-	*	*	*	*
<i>Related expense (\$m)</i>					
<i>Department of the Treasury</i>	-	*	*	*	*

The Government will align the GST treatment of digital currency (such as Bitcoin) with money from 1 July 2017.

Digital currency is currently treated as intangible property for GST purposes. Consequently, consumers who use digital currencies as payment can effectively bear GST twice: once on the purchase of the digital currency and again on its use in exchange for other goods and services subject to GST.

This measure will ensure purchases of digital currency are no longer subject to the GST. Removing double taxation on digital currencies will remove an obstacle for the Financial Technology (Fintech) sector to grow in Australia.

This measure is estimated to have a small but unquantifiable decrease in GST collections and associated payments to the States and Territories over the forward estimates period.

#### **Indirect Tax Concession Scheme — diplomatic and consular concessions**

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
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 GST, fuel and alcohol taxes) under the Indirect Tax Concession Scheme.

New access to refunds has been granted to the diplomatic and consular representations of Belarus, Cuba, Zambia and Ethiopia. The diplomatic and consular representations of Mauritius and Thailand have had their access expanded.

These concessions are provided in accordance with Australia's international obligations in relation to diplomatic missions and consular posts. The concessions are reviewed periodically.

Each of these changes will have effect from a time specified by the Minister for Foreign Affairs. This measure is estimated to have a negligible cost to the budget over the forward estimates period.

### Major bank levy — introduction

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Australian Taxation Office	-	1,600.0	1,500.0	1,500.0	1,600.0
<i>Related expense (\$m)</i>					
<i>Australian Competition and Consumer Commission</i>	-	1.2	-	-	-

The Government will introduce a major bank levy (the levy) for Authorised Deposit-taking Institutions (ADIs), with licensed entity liabilities of at least \$100 billion, from 1 July 2017. The \$100 billion threshold will be indexed to grow in line with nominal gross domestic product.

The levy will be calculated quarterly as 0.015 per cent of an ADI's licensed entity liabilities as at each Australian Prudential Regulation Authority (APRA) mandated quarterly reporting date (for an annualised rate of 0.06 per cent).

Liabilities subject to the levy will include items such as corporate bonds, commercial paper, certificates of deposit, and Tier 2 capital instruments. The levy will not apply to the following liabilities: additional Tier 1 capital and deposits of individuals, businesses and other entities protected by the Financial Claims Scheme.

The levy will raise \$6.2 billion over the forward estimates period, net of interactions with other taxes (principally corporate income taxes). This represents a fair additional contribution from our major banks and will assist with budget repair.

It will complement prudential reforms being implemented by the Government and APRA and provide a more level playing field for smaller banks and non-bank competitors.

To facilitate the introduction of the levy, the Australian Competition and Consumer Commission (ACCC) will undertake a residential mortgage pricing inquiry until 30 June 2018. As part of this inquiry, the ACCC will be able to require relevant ADIs to explain changes or proposed changes to residential mortgage pricing, including changes to fees, charges, or interest rates by those ADIs.

### Personal income tax — increase in the Medicare levy — National Disability Insurance Scheme

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Australian Taxation Office	-	-	400.0	3,550.0	4,250.0

The Government will increase the Medicare levy by half a percentage point from 2.0 to 2.5 per cent of taxable income from 1 July 2019 to ensure the National Disability Insurance Scheme (NDIS) is fully funded. Other tax rates that are linked to the top personal tax rate, such as the fringe benefits tax rate, will also be increased.



This measure is estimated to have a gain to tax revenue of \$8.2 billion over the forward estimates period. This is the net impact across all heads of revenue, not just the Medicare levy.

The Government will use all revenue generated by the Medicare levy to support the NDIS and to guarantee Medicare. In particular, the Government will credit \$9.1 billion over the forward estimates period to the NDIS Savings Fund Special Account when it is established. Further details are set out in Budget Statements 3 and 5 of Budget Paper No. 1.

Low-income earners will continue to receive relief from the Medicare levy through the low-income thresholds for singles, families, seniors and pensioners. The current exemptions from the Medicare levy will also remain in place.

See also the related revenue measure titled *Personal income tax – increasing the Medicare levy low-income thresholds*.

See also the related expense measure titled *Guaranteeing Medicare – establishing the Medicare Guarantee Fund*.

#### **Personal income tax — increasing the Medicare levy low-income thresholds**

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Australian Taxation Office	-	-60.0	-40.0	-40.0	-40.0

The Government will increase the Medicare levy low-income thresholds for singles, families and seniors and pensioners from the 2016-17 income year. The increases take account of movements in the CPI so that low-income taxpayers generally continue to be exempted from paying the Medicare levy.

The threshold for singles will be increased to \$21,655. The family threshold will be increased to \$36,541 plus \$3,356 for each dependent child or student. For single seniors and pensioners, the threshold will be increased to \$34,244. The family threshold for seniors and pensioners will be increased to \$47,670 plus \$3,356 for each dependent child or student.

This measure is estimated to have a cost to revenue of \$180.0 million over the forward estimates period.

**Reducing Pressure on Housing Affordability — affordable housing through Managed Investment Trusts**

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Australian Taxation Office	-	-	*	*	*
<i>Related expense (\$m)</i>					
Australian Taxation Office	-	1.3	0.1	0.1	-
<i>Related capital (\$m)</i>					
Australian Taxation Office	-	0.1	-	-	-

The Government will encourage investment into affordable housing by enabling Managed Investment Trusts (MITs) to invest in affordable housing. In order for investors to receive concessional taxation treatment through a MIT, the affordable housing must be available for rent for at least 10 years.

MITs allow investors to pool their funds to invest in primarily passive investments and have them managed by a professional manager. The MIT will be able to acquire, construct or redevelop the property but must derive at least 80 per cent of its assessable income from affordable housing. Qualifying housing must be provided to low to moderate income tenants, with rent charged at a discount below the private rental market rate. This measure will apply from income years starting on or after 1 July 2017.

Under the MIT withholding tax regime, non-resident investors are generally subject to a reduced rate of tax if they are a resident of a country with which Australia has an effective exchange of information treaty. Non-resident investors are generally subject to a 15 per cent final withholding tax rate on fund payments from the MIT. Resident investors are taxed at their marginal tax rates, with capital gains remaining eligible for the capital gains tax discount.

Up to 20 per cent of the income of the MIT may be derived from other eligible investment activities permitted under the existing MIT rules in the income tax law. If this is breached, or less than 80 per cent of the MIT's income is from affordable housing in an income year, the non-resident investor will be liable to pay withholding tax at 30 per cent on investment returns for that income year. Properties held for rent as affordable housing for less than 10 years will be subject to a 30 per cent withholding tax rate on the net capital gains arising from the disposal of those assets.

This measure is estimated to have an unquantifiable cost to revenue over the forward estimates period. The Government will provide \$1.5 million to the Australian Taxation Office to implement the measure.

### Reducing Pressure on Housing Affordability — annual charge on foreign owners of underutilised residential property

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Australian Taxation Office	-	..	5.0	5.0	10.0
<i>Related expense (\$m)</i>					
Australian Taxation Office	-	0.5	1.0	1.0	1.0
<i>Related capital (\$m)</i>					
Australian Taxation Office	-	0.2	-	-	-

The Government will introduce a charge on foreign owners of residential property where the property is not occupied or genuinely available on the rental market for at least six months per year. The charge will be levied annually and will be equivalent to the relevant foreign investment application fee imposed on the property at the time it was acquired by the foreign investor. This measure will apply to foreign persons who make a foreign investment application for residential property from 7:30PM (AEST) on 9 May 2017. This measure is estimated to have a gain to budget of \$16.3 million over the forward estimates period.

This measure is intended to encourage foreign owners of residential property to make their properties available for rent where they are not used as a residence and so increase the number of dwellings available for Australians to live in.

Funding of \$3.7 million over four years from 2017-18 will be provided to the Australian Taxation Office to implement this measure.

### Reducing Pressure on Housing Affordability — capital gains tax changes for foreign investors

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Australian Taxation Office	*	150.0	100.0	150.0	200.0
<i>Related expense (\$m)</i>					
Australian Taxation Office	-	4.8	4.7	4.7	4.8

The Government will extend Australia's foreign resident capital gains tax (CGT) regime by:

- denying foreign and temporary tax residents access to the CGT main residence exemption from 7:30PM (AEST) on 9 May 2017, however existing properties held prior to this date will be grandfathered until 30 June 2019;
- increasing the CGT withholding rate for foreign tax residents from 10.0 per cent to 12.5 per cent, from 1 July 2017; and
- reducing the CGT withholding threshold for foreign tax residents from \$2 million to \$750,000, from 1 July 2017.

*Budget Measures 2017-18 – Part 1: Revenue Measures*

The Government will also improve the integrity of the foreign resident CGT regime by applying the principal asset test on an associate inclusive basis from 7:30PM (AEST) on 9 May 2017, for foreign tax residents with indirect interests in Australian real property. This will ensure that foreign tax residents cannot avoid a CGT liability by disaggregating indirect interests in Australian real property.

This measure is estimated to have a gain to the budget of \$581.0 million over the forward estimates period.

**Reducing Pressure on Housing Affordability — contributing the proceeds of downsizing to superannuation**

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Australian Taxation Office	-	-	..	-10.0	-20.0

The Government will allow a person aged 65 or over to make a non-concessional contribution of up to \$300,000 from the proceeds of selling their home from 1 July 2018. These contributions will be in addition to those currently permitted under existing rules and caps and they will be exempt from the existing age test, work test and the \$1.6 million balance test for making non-concessional contributions.

This measure will apply to sales of a principal residence owned for the past ten or more years and both members of a couple will be able to take advantage of this measure for the same home.

This measure reduces a barrier to downsizing for older people. Encouraging downsizing may enable more effective use of the housing stock by freeing up larger homes for younger, growing families.

This measure is estimated to have a cost to revenue of \$30.0 million over the forward estimates period.

### Reducing Pressure on Housing Affordability — disallow the deduction of travel expenses for residential rental property

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Australian Taxation Office	-	..	160.0	180.0	200.0

From 1 July 2017, the Government will disallow deductions for travel expenses related to inspecting, maintaining or collecting rent for a residential rental property.

This is an integrity measure to address concerns that many taxpayers have been claiming travel deductions without correctly apportioning costs, or have claimed travel costs that were for private travel purposes. As part of the Government's strategy to improve housing outcomes, this measure will provide confidence in the tax system by ensuring tax concessions are better targeted.

This measure will not prevent investors from engaging third parties such as real estate agents for property management services. These expenses will remain deductible.

This measure is estimated to have a gain to revenue of \$540.0 million over the forward estimates period.

### Reducing Pressure on Housing Affordability — expanding tax incentives for investments in affordable housing

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Australian Taxation Office	-	-	..	-5.0	-10.0

From 1 January 2018, the Government will provide an additional ten percentage points capital gains tax discount, increasing the discount from 50 per cent to 60 per cent, to resident individuals who elect to invest in qualifying affordable housing.

To qualify for the higher discount, housing must be provided to low to moderate income tenants, with rent charged at a discount below the private rental market rate. The affordable housing must be managed through a registered community housing provider and the investment held for a minimum period of three years.

The higher discount would flow through to resident individuals investing in qualifying affordable housing Managed Investment Trusts (see *Reducing Pressure on Housing Affordability – affordable housing through Managed Investment Trusts*).

This measure is estimated to have a cost to revenue of \$15.0 million over the forward estimates period.

**Reducing Pressure on Housing Affordability — first home super saver scheme**

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Australian Taxation Office	-	-50.0	-60.0	-70.0	-70.0
<i>Related expense (\$m)</i>					
Australian Taxation Office	-	2.8	2.1	1.8	1.6
<i>Related capital (\$m)</i>					
Australian Taxation Office	-	1.2	-	-	-

The Government will encourage home ownership by allowing future voluntary contributions to superannuation made by first home buyers from 1 July 2017 to be withdrawn for a first home deposit, along with associated deemed earnings. Concessional contributions and earnings that are withdrawn will be taxed at marginal rates less a 30 per cent offset. Combined with the existing concessional tax treatment of contributions and earnings, this will provide an incentive that will enable first home buyers to build savings more quickly for a home deposit.

Under the measure up to \$15,000 per year and \$30,000 in total can be contributed, within existing caps. Contributions can be made from 1 July 2017. Withdrawals will be allowed from 1 July 2018 onwards. Both members of a couple can take advantage of this measure to buy their first home together.

This measure is expected to have a cost to revenue of \$250.0 million over the forward estimates period. The Government will provide \$9.4 million to the Australian Taxation Office to implement the measure.

**Reducing Pressure on Housing Affordability — limit plant and equipment depreciation deductions to outlays actually incurred by investors**

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Australian Taxation Office	-	-	40.0	100.0	120.0

From 1 July 2017, the Government will limit plant and equipment depreciation deductions to outlays actually incurred by investors in residential real estate properties. Plant and equipment items are usually mechanical fixtures or those which can be 'easily' removed from a property such as dishwashers and ceiling fans.

This is an integrity measure to address concerns that some plant and equipment items are being depreciated by successive investors in excess of their actual value. Acquisitions of existing plant and equipment items will be reflected in the cost base for capital gains tax purposes for subsequent investors.

These changes will apply on a prospective basis, with existing investments grandfathered. Plant and equipment forming part of residential investment properties as of 9 May 2017 (including contracts already entered into at 7:30PM (AEST) on 9 May 2017) will continue to give rise to deductions for depreciation until either the investor no longer owns the asset, or the asset reaches the end of its effective life.

Investors who purchase plant and equipment for their residential investment property after 9 May 2017 will be able to claim a deduction over the effective life of the asset. However, subsequent owners of a property will be unable to claim deductions for plant and equipment purchased by a previous owner of that property.

This measure is estimated to have a gain to revenue of \$260.0 million over the forward estimates period.

**Reducing Pressure on Housing Affordability — restrict foreign ownership in new developments to no more than 50 per cent**

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Australian Taxation Office	-	-	-	-	-

The Government will introduce a 50 per cent cap on foreign ownership in new developments through a condition on New Dwelling Exemption Certificates. The cap will be included as a condition on New Dwelling Exemption Certificates where the application was made from 7:30PM (AEST) on 9 May 2017.

New Dwelling Exemption Certificates are granted to property developers and act as a pre-approval allowing the sale of new dwellings in a specified development to foreign persons without each foreign purchaser seeking their own foreign investment approval. The current certificates do not limit the amount of sales that may be made to foreign purchasers.

The measure will ensure that a minimum proportion of developments are available for Australians to purchase. This sends a clear message that the Government expects developments to increase the housing stock for Australian purchasers.

The measure is estimated to have no revenue impact over the forward estimates period.

### Streamlining and enhancing the foreign investment framework

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Australian Taxation Office	-	-5.1	-5.1	-5.1	-5.1

The Government will introduce a range of amendments with effect from 1 July 2017, to clarify and simplify Australia's foreign investment framework. This will make foreign investor obligations clearer, and allow for more efficient allocation of Foreign Investment Review Board screening resources to higher risk cases.

The amended framework will allow Australia's foreign investment framework to operate more efficiently by facilitating business investment and reducing unnecessary red tape, in particular by:

- refining the type of developed commercial property subject to the lower \$55 million threshold by removing low sensitivity applications from the meaning of sensitive land;
- improving the treatment of residential applications by allowing failed off-the-plan purchases to be considered as 'new'; overcoming limitations with the existing exemption certificate system for individual residential real estate purchases and amending the treatment of residential land used for a commercial purpose;
- streamlining and simplifying foreign investment business application fees, including legislating existing fee waiver arrangements;
- introducing a new exemption certificate that applies to low risk foreign investors;
- clarifying the treatment of developed solar and wind farms; and
- restoring the previous arrangement whereby companies with significant foreign custodian holdings (that is, legal rather than equitable interest holders) are not subject to notification requirements.

These amendments are informed by stakeholder views and a public consultation process on options to improve the framework and make obligations clearer.

The measure is estimated to have a cost to revenue of \$20.4 million over the forward estimates period. From 1 July 2018, fees will continue to be indexed annually, as is the current practice.



**Strengthening Penalties under the Australian Consumer Law**

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Australian Competition and Consumer Commission	-	-	*	*	*

The Government will increase the maximum financial penalties under the *Australian Consumer Law 2011* by aligning the penalties with the competition provisions of the *Competition and Consumer Act 2010* from 1 July 2018.

For companies, this involves the greater of the maximum penalty (\$10 million) or three times the value of the benefit received by the company from the act or omission, or if the benefit cannot be determined, 10 per cent of the annual turnover in the preceding 12 months. For individuals, this involves a maximum penalty of \$500,000. This measure is contingent on the agreement of the States and Territories.

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

**Superannuation — integrity of limited recourse borrowing arrangements**

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Australian Taxation Office	-	..	..	1.0	3.0

From 1 July 2017, the Government will improve the integrity of the superannuation system by including the use of limited recourse borrowing arrangements (LRBA) in a member's total superannuation balance and transfer balance cap.

Limited recourse borrowing arrangements can be used to circumvent contribution caps and effectively transfer growth in assets from the accumulation phase to the retirement phase that is not captured by the transfer balance cap. The outstanding balance of a LRBA will now be included in a member's annual total superannuation balance and the repayment of the principal and interest of a LRBA from a member's accumulation account will be a credit in the member's transfer balance account.

This measure will ensure the *2016-17 Superannuation Reform Package* operates as intended and is estimated to have a gain to revenue of \$4.0 million over the forward estimates period.

**Superannuation — integrity of non-arm's length arrangements**

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Australian Taxation Office	-	-	5.0	5.0	10.0

From 1 July 2018, the Government will further improve the integrity of the superannuation system by reducing opportunities for members to use related party transactions on non-commercial terms to increase superannuation savings.

The non-arm's length income provisions will be amended to ensure expenses that would normally apply in a commercial transaction are included when considering whether the transaction is on a commercial basis.

This measure will ensure the *2016-17 Superannuation Reform Package* operates as intended and is estimated to have a gain to revenue of \$20.0 million over the forward estimates period.

**Tax Integrity Package — application of the OECD hybrid mismatch rules to regulatory capital**

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Australian Taxation Office	-	-	-	-	-

The Government will clamp down on aggressive tax minimising structures used by banks and financial institutions by eliminating hybrid tax mismatches that occur in cross-border transactions relating to regulatory capital known as Additional Tier 1 (AT1) by:

- preventing returns on AT1 capital from carrying franking credits where such returns are tax deductible in a foreign jurisdiction; and
- where the AT1 capital is not wholly used in the offshore operations of the issuer, requiring the franking account of the issuer to be debited as if the returns were to be franked.

Subject to transitional arrangements the measure will apply to returns on AT1 instruments paid from the later of 1 January 2018 or six months after Royal Assent.

Transitional arrangements will apply to AT1 instruments issued before 7.30pm (AEST) on 9 May 2017 such that the measure will not apply to returns paid before the next call date of the instrument occurring after 7.30pm (AEST) on 9 May 2017.

This measure is estimated to have no revenue impact over the forward estimates period.

This measure will strengthen the integrity of Australia's tax system and seeks to implement the Government's decision, announced in the 2016-17 Budget, *Tax Integrity Package – implementing the OECD hybrid mismatch arrangement rules* in relation to regulatory capital.

**Tax Integrity Package — Black Economy Taskforce: extension of the taxable payments reporting system to contractors in the courier and cleaning industries**

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Australian Taxation Office	-	-21.0	-1.0	146.0	194.0
<i>Related expense (\$m)</i>					
<i>Australian Taxation Office</i>	-	0.7	1.0	1.0	0.6
<i>Department of the Treasury</i>	-	-	32.0	47.0	51.0
<i>Total — Expense</i>	-	0.7	33.0	48.0	51.6

The Government will extend the taxable payments reporting system (TPRS) to contractors in the courier and cleaning industries. The measure will have effect from 1 July 2018 and is estimated to have a gain to revenue of \$318.0 million in the forward estimates period. The underlying cash receipts impact of this measure is estimated to be \$362.0 million over the forward estimates period.

The TPRS is a transparency measure and already operates in the building and construction industry, where it has resulted in improved contractor compliance. Under the TPRS, businesses are required to report payments they make to contractors (individual and total for the year) to the ATO. This measure brings payments to contractors in the courier and cleaning industries into line with wages, which are reported to the ATO. Businesses in these industries will need to ensure that they collect information from 1 July 2018, with the first annual report required in August 2019.

**Tax Integrity Package — Black Economy Taskforce: one year extension of funding for ATO audit and compliance activities**

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Australian Taxation Office	-	441.7	85.5	42.7	19.1
<i>Related expense (\$m)</i>					
<i>Department of the Treasury</i>	-	49.6	31.6	18.4	10.2
<i>Australian Taxation Office</i>	-	32.0	-	-	-
<i>Total — Expense</i>	-	81.6	31.6	18.4	10.2

The Government will provide \$32.0 million for one year of additional funding for ATO audit and compliance programs to better target black economy risks. This funding was to expire on 30 June 2017.

*Budget Measures 2017-18 – Part 1: Revenue Measures*

Under this measure, a further year of funding will be provided for the ATO's 'Strengthening Foundations' and 'Level Playing Field' programs. 'Strengthening Foundations' focuses on businesses with a turnover between \$2 million and \$15 million that have disengaged from the tax system. The 'Level Playing Field' program involves audit, review and intensive follow up and targets small businesses with turnover below \$2 million.

These programs are directed at changing black economy and related behaviours such as non-lodgement, omission of income and non-payment of employer obligations. The Government will make decisions about the future of these programs beyond 2017-18 in light of the Black Economy Taskforce's final report, which is expected to be delivered in October 2017.

This measure is estimated to have a gain to revenue of \$589.0 million and increase expenses by \$141.8 million with a net gain to the budget of \$447.2 million in fiscal balance terms over the forward estimates period. The revenue includes an additional GST component of \$109.8 million which will be paid to the States and Territories. In underlying cash terms, the estimated improvement to the budget is \$365.6 million.

**Tax Integrity Package — Black Economy Taskforce: prohibition on sales suppression technology and software**

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Australian Taxation Office	*	*	*	*	*
<i>Related expense (\$m)</i>					
<i>Department of the Treasury</i>	-	*	*	*	*

The Government will act to prohibit the manufacture, distribution, possession, use or sale of electronic point of sale (POS) sales suppression technology and software. The prohibition will have effect from the date of Royal Assent of the enabling legislation. This measure is estimated to have an unquantifiable gain to revenue over the forward estimates period.

Sales suppression technology and software allow businesses to understate their incomes by untraceably deleting selected transactions from electronic records in POS equipment. Income earned from these transactions and tax owing from this income is not reported to the ATO. The revenue risks such technologies pose have been highlighted by the OECD. The Government's action is in line with responses of other jurisdictions.

**Tax Integrity Package — combatting fraud in the precious metals industry**

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Department of the Treasury	-	0.3	-3.1	-3.8	-4.2
Australian Taxation Office	*	*	*	*	*
<b>Total — Revenue</b>	<b>-</b>	<b>0.3</b>	<b>-3.1</b>	<b>-3.8</b>	<b>-4.2</b>
<i>Related expense (\$m)</i>					
Australian Taxation Office	-	0.3	-3.1	-3.8	-4.2
Department of the Treasury	*	*	*	*	*
<b>Total — Expense</b>	<b>-</b>	<b>0.3</b>	<b>-3.1</b>	<b>-3.8</b>	<b>-4.2</b>
<i>Related capital (\$m)</i>					
Australian Taxation Office	-	0.2	-	-	-

The Government is amending the GST law to give effect to changes that were announced on 31 March 2017 and take effect from 1 April 2017. The Australian Taxation Office (ATO) has been working with industry to ensure they understand their obligations.

The changes provide that entities buying gold, silver and platinum that have been supplied as a taxable supply for GST purposes will be required to apply a reverse charge — they will remit the GST to the ATO instead of the seller. Changes are also made to clarify that gold, silver and platinum are not second-hand goods.

This is a technical change to the law to support integrity of GST payments. It ensures the GST payable is collected as intended and does not affect the amount of GST payable.

This measure is estimated to have an unquantifiable gain to GST tax revenue and associated payments to the States and Territories over the forward estimates period.

Further information can be found in the press release of 31 March 2017 issued by the Minister for Revenue and Financial Services.

**Tax Integrity Package — improving the integrity of GST on property transactions**

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Department of the Treasury	-	2.8	-2.6	-4.6	-4.8
Australian Taxation Office	-	-	200.0	220.0	240.0
<b>Total — Revenue</b>	<b>-</b>	<b>2.8</b>	<b>197.4</b>	<b>215.4</b>	<b>235.2</b>
<i>Related expense (\$m)</i>					
Australian Taxation Office	-	1.8	-2.6	-4.6	-4.8
Department of the Treasury	-	-	940.0	300.0	330.0
<b>Total — Expense</b>	<b>-</b>	<b>1.8</b>	<b>937.4</b>	<b>295.4</b>	<b>325.2</b>
<i>Related capital (\$m)</i>					
Australian Taxation Office	-	1.0	-	-	-

From 1 July 2018, the Government will strengthen compliance with the GST law by requiring purchasers of newly constructed residential properties or new subdivisions to remit the GST directly to the Australian Taxation Office (ATO) as part of settlement. Under the current law (where the GST is included in the purchase price and the developer remits the GST to the ATO), some developers are failing to remit the GST to the ATO despite having claimed GST credits on their construction costs. As most purchasers use conveyancing services to complete their purchase, they should experience minimal impact from these changes.

This measure is estimated to increase GST revenue by \$660.0 million and associated payments to the States and Territories, net of administrative costs, by \$1.6 billion over the forward estimates period. The difference is due to the timing of when GST is collected and recognised.

**Tax Integrity Package — improving the small business capital gains tax concessions**

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Australian Taxation Office	-	-	*	*	*

The Government will amend the small business capital gains tax (CGT) concessions to ensure that the concessions can only be accessed in relation to assets used in a small business or ownership interests in a small business. This measure will take effect from 1 July 2017. This measure is estimated to have an unquantifiable gain to revenue over the forward estimates period.

The concessions assist owners of small businesses by providing relief from CGT on assets related to their business which helps them to re-invest and grow, as well as contribute to their retirement savings through the sale of the business. However, some taxpayers are able to access these concessions for assets which are unrelated to their small business, for instance through arranging their affairs so that their ownership interests in larger businesses do not count towards the tests for determining eligibility for the concessions.

The small business CGT concessions will continue to be available to small business taxpayers with aggregated turnover of less than \$2 million or business assets less than \$6 million.

This measure will improve the integrity of the tax system and ensure that these concessions are appropriately targeted.

#### **Tax Integrity Package — toughening the multinational anti-avoidance law**

Revenue (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Australian Taxation Office	*	*	*	*	*

The Government will negate the use of foreign trusts and partnerships in corporate structures to circumvent the multinational anti-avoidance law.

From the date of its commencement on 1 January 2016, the multinational anti-avoidance law will be enhanced so that it applies to: corporate structures that involve the interposition of partnerships that have any foreign resident partners; trusts that have any foreign resident trustees; and foreign trusts that temporarily have their central management and control in Australia. The amendments will ensure the integrity of the original policy intent.

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

