

STATEMENT 5: REVENUE

While Government receipts are recovering from the global financial crisis trough, their growth is slower than previously expected.

Owing to economic circumstances and other factors (that is, abstracting from policy measures), tax receipts excluding GST have been revised down from the 2011-12 Mid-Year Economic and Fiscal Outlook (MYEFO) by \$3.8 billion in 2011-12 and \$16.5 billion over the four years to 2014-15. This has been partly offset by policy measures.

Total receipts are expected to grow by 11.8 per cent in 2012-13. This represents a downward revision since the 2011-12 MYEFO of \$5.8 billion in 2012-13 and \$18.7 billion over the four years to 2014-15.

It is expected that tax receipts as a share of GDP will remain well below pre-global financial crisis levels over the entire forward estimates period. Structural factors are acting to constrain the tax-to-GDP ratio beyond the forecast period.

Overview	5-3
The tax-to-GDP ratio	5-5
Variations in the receipts estimates	5-10
Receipts growth by head of revenue.....	5-19
Revenue variations since MYEFO	5-28
Appendix A: Receipts and revenue forward estimates	5-29
Appendix B: Changes since 2011-12 MYEFO	5-31
Appendix C: Receipts and revenue history and forecasts	5-35
Appendix D: Forecast methodology and performance.....	5-42
Appendix E: Taxation receipts and revenue recognition.....	5-46
Appendix F: Tax expenditures	5-49

STATEMENT 5: REVENUE

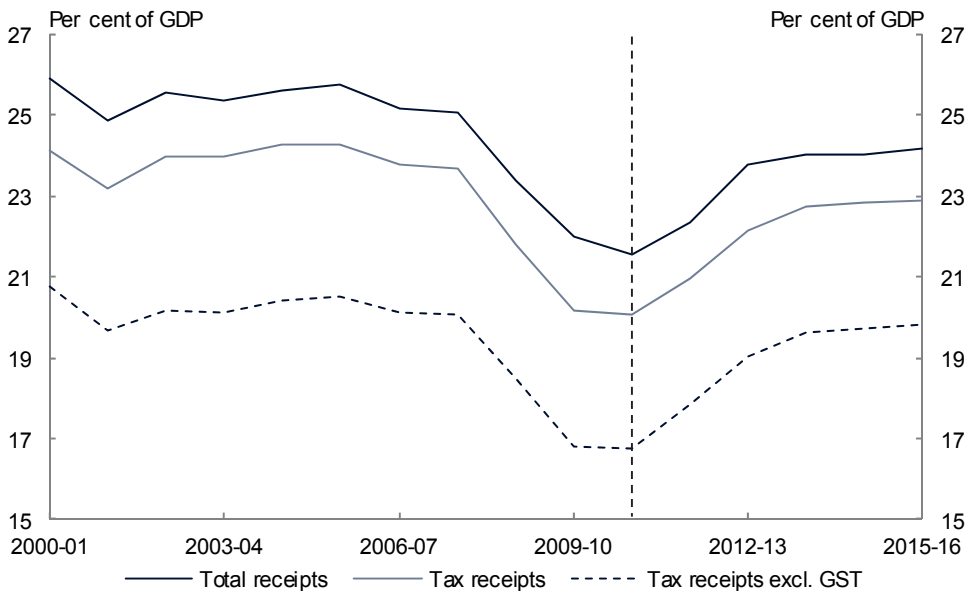
OVERVIEW

Government receipts are recovering from their post-financial crisis lows, but their recovery is weaker than expected, with more write-downs in tax receipts since the 2011-12 MYEFO. Receipts remain low by recent historical standards. Total receipts are expected to grow by 11.8 per cent in 2012-13, with tax receipts growing by 10.8 per cent (Table 1). Tax as a proportion of GDP in 2011-12 and the previous two years is the lowest it has been since 1993-94. Relative to GDP, tax receipts across the forward estimates are expected to remain well below their mid-2000s levels (Chart 1).

Table 1: Australian Government general government receipts

	Actuals		Estimates			Projections	
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Total taxation receipts (\$b)	261.0	280.8	309.7	343.1	371.4	392.9	415.5
Growth on previous year (%)	-4.3	7.6	10.3	10.8	8.2	5.8	5.8
Per cent of GDP	20.2	20.1	21.0	22.1	22.7	22.8	22.9
Tax receipts excluding GST (\$b)	217.0	235.0	264.1	294.9	320.5	339.4	359.4
Growth on previous year (%)	-6.3	8.3	12.4	11.7	8.7	5.9	5.9
Per cent of GDP	16.8	16.8	17.9	19.0	19.6	19.7	19.8
Non-taxation receipts (\$b)	23.7	21.2	20.3	25.7	21.1	20.8	22.9
Growth on previous year (%)	18.6	-10.6	-4.1	26.3	-17.7	-1.7	10.3
Per cent of GDP	1.8	1.5	1.4	1.7	1.3	1.2	1.3
Total receipts (\$b)	284.7	302.0	330.0	368.8	392.5	413.6	438.4
Growth on previous year (%)	-2.7	6.1	9.3	11.8	6.4	5.4	6.0
Per cent of GDP	22.0	21.6	22.3	23.8	24.0	24.0	24.2

Chart 1: Tax-to-GDP ratio



Source: Treasury estimates.

Statement 5: Revenue

Relative to the 2011-12 MYEFO, tax receipts have been revised down by \$5.6 billion in 2011-12, \$6.1 billion in 2012-13, and \$18.4 billion over the four years to 2014-15 (Table 2).

Table 2: Reconciliation from the 2011-12 Budget and 2011-12 MYEFO estimates of Australian Government general government taxation receipts

	Estimates			Projection
	2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m
Tax receipts at 2011-12 Budget	321,103	353,426	375,298	395,366
Changes from 2011-12 Budget to 2011-12 MYEFO	-5,804	-4,265	160	128
Tax receipts at 2011-12 MYEFO	315,299	349,161	375,458	395,493
Changes from 2011-12 MYEFO to 2012-13 Budget	-5,646	-6,054	-4,049	-2,641
Tax receipts at 2012-13 Budget	309,653	343,107	371,409	392,852

Relative to the 2011-12 MYEFO, changes in economic circumstances and other factors (excluding policy decisions) have resulted in a downward revision to tax receipts excluding GST of \$3.8 billion in 2011-12, \$4.6 billion in 2012-13 and \$16.5 billion over the four years to 2014-15 (Table 3). The main downward revisions have been to company and superannuation taxes, principally reflecting high levels of investment-related tax deductions within the mining sector, weak profitability outside the resources and resources-related sectors, and sluggish asset prices.

Table 3: Reconciliation from the 2011-12 MYEFO estimates of Australian Government general government taxation receipts excluding GST

	Estimates			Projection
	2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m
Tax receipts excluding GST at 2011-12 MYEFO	267,799	298,111	321,458	338,843
Changes from 2011-12 MYEFO to 2012-13 Budget				
Effect of policy decisions	70	1,415	3,332	4,257
Effect of parameter and other variations	-3,816	-4,619	-4,281	-3,748
Total variations	-3,746	-3,204	-949	509
Tax receipts excluding GST at 2012-13 Budget	264,053	294,907	320,509	339,352

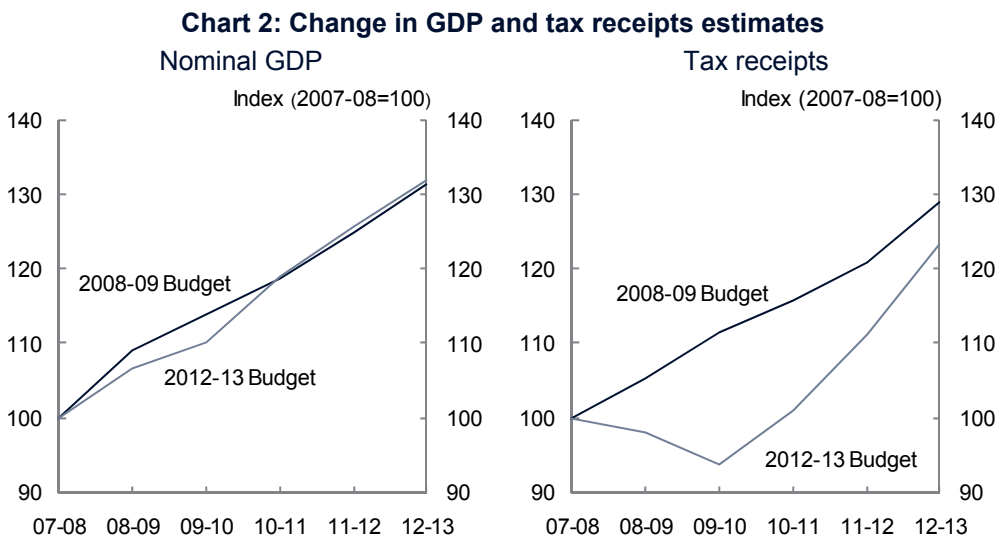
The budget position has been enhanced by a range of measures, including not proceeding with previously announced tax cuts, as well as better targeting tax expenditures. Collectively, policy measures add \$1.4 billion to tax receipts excluding GST in 2012-13 and \$9.1 billion over the four years to 2014-15.

Overall, relative to the 2011-12 MYEFO, tax receipts excluding GST have been revised down by \$3.7 billion in 2011-12, \$3.2 billion in 2012-13 and \$7.4 billion over the four years to 2014-15.

THE TAX-TO-GDP RATIO

The global financial crisis hit all heads of revenue, as it affected all aspects of the economy – production, consumption, profits and employment. From its pre-crisis level in 2007-08, the tax-to-GDP ratio fell 3.6 percentage points to 20.1 per cent in 2010-11, the biggest decline in the ratio since the 1950s.

Taxes have been recovering since the post-crisis trough, but the recovery in tax receipts has not matched that of nominal GDP. Even though nominal GDP had recovered by 2010-11 to the level projected at the 2008-09 Budget – the last Budget before the crisis – tax receipts in 2012-13 are still expected to be well below their pre-crisis projection (Chart 2).



Source: Treasury estimates.

This is partly because some of the factors that characterised the pre-crisis period – very strong capital gains tax (CGT) receipts owing to strong equity prices and a maturing CGT system, rapidly rising commodity prices, rapid credit growth, and a low household savings rate – have not been sustained post-crisis. Further, some factors contributing to the weaker recovery in tax receipts relative to the economic recovery are also affecting the structure of the tax base. These factors will constrain growth in tax receipts beyond the forecast period.

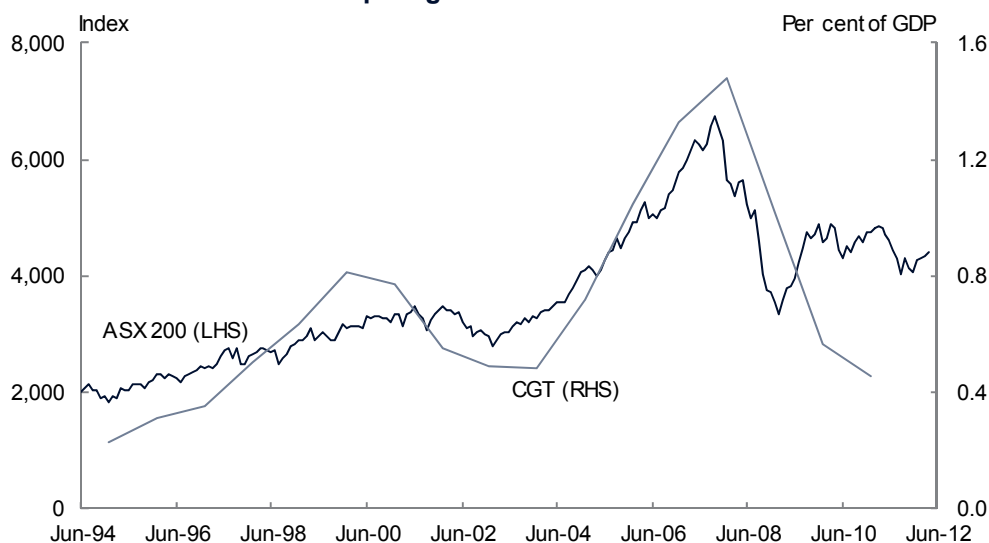
Key factors affecting the tax-to-GDP ratio from the pre-crisis years to the end of forward estimates are discussed below.

Capital gains tax

Capital gains tax is paid by individuals, companies and superannuation funds on the realisation of assets held (Box 1). Reflecting strong asset price growth in the period before the financial crisis, CGT receipts reached a peak relative to GDP of 1.5 per cent in 2007-08. Following the crisis, CGT receipts are expected to be only 0.5 per cent of GDP in 2011-12. Had CGT receipts remained at 1.5 per cent of GDP, tax collections would be around \$14.8 billion higher in 2011-12.

The weakness in CGT is partly related to equity prices (Chart 3). While nominal GDP has increased by a third in the past half-decade, the ASX 200 has fallen by a fifth over the same time.

Chart 3: Capital gains tax^(a) and the ASX 200



(a) Yearly CGT amounts have been ascribed to the mid-point of each fiscal year (January 1).

Source: RBA, Treasury estimates.

Even as equity prices recover, other factors will continue to subdue CGT receipts over the forward years. A large stock of capital losses was generated during the crisis (Box 2, Statement 5, 2011-12 Budget), which is expected to affect future CGT receipts until at least 2014-15. In addition, the housing market is expected to remain soft.

Box 1: Capital gains tax

When the price of an asset changes, this leads to a capital gain (or loss). CGT, however, is only paid when the gains are 'realised' (that is, when the asset is sold). CGT is not itself a separate tax. Instead, a net capital gain, which can be realised by individuals, companies and super funds, is assessed as a component of taxable income.

The CGT forecast is derived by applying an effective tax rate to the projected net capital gain. The net capital gain is determined by tracking the stock of assets that are subject to CGT and their price movements, while making assumptions about the 'realisation rate' of those capital gains (or losses). Realisation rates (the proportion of assets sold each year) vary considerably from year to year, depending on the type of asset, movements in relevant prices and the nature of investors. Asset price changes also vary considerably.

For forecasting purposes, it is assumed that the yearly change in asset prices equates to around 5.3 per cent over the projection period – the same as nominal GDP growth.

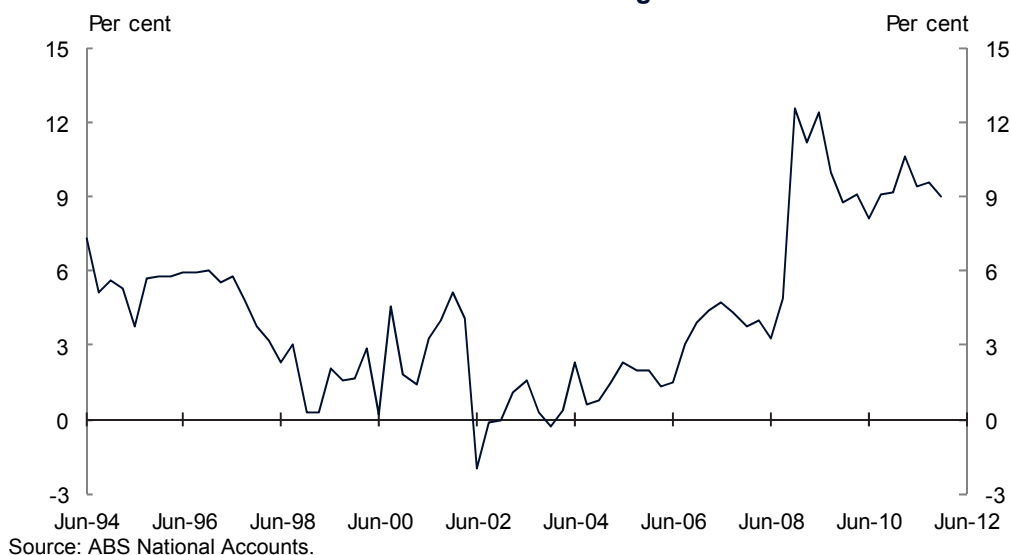
Forecasting CGT is further complicated by the fact that capital losses may be used to offset capital gains. A net capital loss in one year must be 'carried forward' into a later year when it can be used to offset a later net capital gain. The forecasting methodology must, therefore, track the stock of capital losses and the rate at which they are used over later years. In addition, many of these losses may never be used. For example, if a business goes bankrupt, any losses incurred by the business may be extinguished.

Consumer caution

A further significant development dampening the tax-to-GDP ratio is the greater share of household income that is being saved, rather than consumed (see Statement 4). The household savings rate, already rising before the global financial crisis, has remained elevated in recent years (Chart 4), while growth in personal and housing finance has slowed significantly.

The continuing consumer caution partly reflects sluggish asset prices and global instability and uncertainty. The effect of weaker consumer sentiment has been particularly evident in retail trade, but its effects on other activity can be pervasive, with flow-on effects for tax receipts, especially for consumption taxes like excise duty and the GST.

Chart 4: Household savings ratio



In addition to the effect of generalised consumer caution on tax receipts, households have been allocating a larger share of consumption towards goods and services not subject to the GST, such as education, rent, health and food, as their prices have increased substantially compared with the prices of goods and services that are subject to GST (Box 4, Statement 5, 2011-12 Budget).

Increasing importance of the mining sector and the investment boom

High commodity prices and the mining boom have contributed to higher levels of nominal GDP. However, the shift in profits to the mining sector, and the dampening effect of the high exchange rate on some other parts of the economy, have also acted to dampen tax receipts as a share of GDP.

Tax receipts from the mining sector are being affected by high levels of tax deductions related to capital expenditure, reflecting the unprecedented scale of mining investment over the forward estimates. Total mining investment as a percentage of GDP is expected to double to nearly 9 per cent in 2013-14 from its 2008-09 level, which was already markedly higher than its historical share of around 1 to 2 per cent of GDP. This will result in continued high depreciation deductions, affecting tax paid relative to gross operating surplus (GOS) in the sector (Box 2).

In recent years, the mining sector has accounted for around 30 per cent of private corporate gross operating surplus, but only 15 per cent of company tax. The introduction of the minerals resource rent tax (MRRT) and higher expected petroleum resource rent tax (PRRT) receipts towards the end of the projection period will increase tax receipts from the mining sector.

Box 2: The mining sector and tax

The increasing importance of the mining sector to the Australian economy is reflected in the share of gross profits accruing to mining. Mining GOS accounted for 16 per cent of total corporate GOS in 2002-03. By 2011-12, it had risen to 29 per cent. Because the ratio of corporate income tax to GOS has been lower for mining compared to other industries (Chart A), a consequence of the compositional change in the economy is that corporate tax as a share of GOS declines over time. Total tax as a share of GDP also declines, all other things remaining equal.

Importantly, the expected massive increase in mining investment over the next three years, to nearly 9 per cent of GDP in 2013-14, will generate very large tax deductions. This high investment is in contrast to the characteristics of the mining boom during the mid-2000s, which was largely driven by increasing commodity prices and the expansion of existing projects. While existing projects are still expanding, there is an increase in new projects. In addition, the mining sector can deduct some forms of investment immediately rather than over the life of the asset. This will reduce the tax-to-GOS ratio during high investment periods. This is illustrated in Chart B, which shows that the mining sector's share of corporate tax is expected to remain below its share of GOS. The chart also shows that the introduction of the MRRT will increase the share of tax paid by the mining sector, such that the sector's share of tax increases towards its share of GOS.

Chart A: Corporate tax-to-GOS ratio (average 2000-01 to 2009-10)

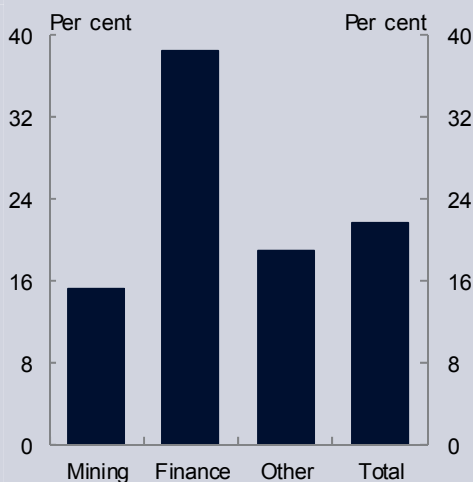
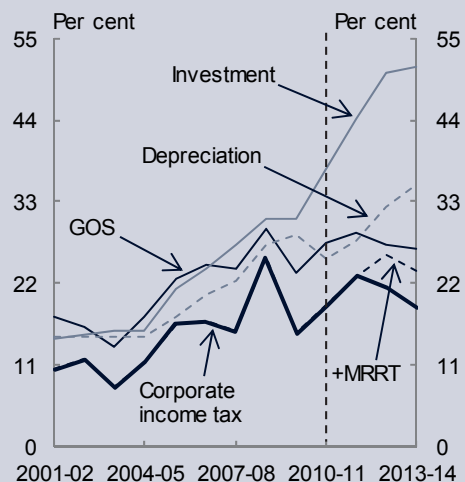


Chart B: The mining sector's share of relevant corporate indicators^(a)



Source: Treasury estimates, Taxation Statistics, ABS.

(a) Tax and depreciation are sourced from ATO taxation statistics, which is reported on an income year basis. 'Depreciation' is calculated as the 'deduction for decline in depreciable assets' plus 'immediate deduction for capital expenditure'. Taxes include company tax, PRRT, and MRRT but do not include state royalties. Although GOS is conceptually different to taxable income (Clark, J, Pridmore, B and Stoney, N (2007), 'Trends in aggregate measures of Australia's corporate tax level', Economic Roundup, Winter), it is the component of profits in GDP and is therefore the most appropriate economic base to analyse movements in the tax-to-GDP ratio.

Patchwork economy

Subdued growth in many sectors in the economy is also affecting tax collections. While the mining sector has grown strongly, the high Australian dollar together with global uncertainty and challenging credit conditions in some sectors of the economy have dampened consumer sentiment and reduced company profits and employment growth in the non-mining sectors. This has resulted in weaker growth in company tax receipts from the non-mining sector, which is likely to continue to weigh on the tax-to-GDP ratio over the forecast period.

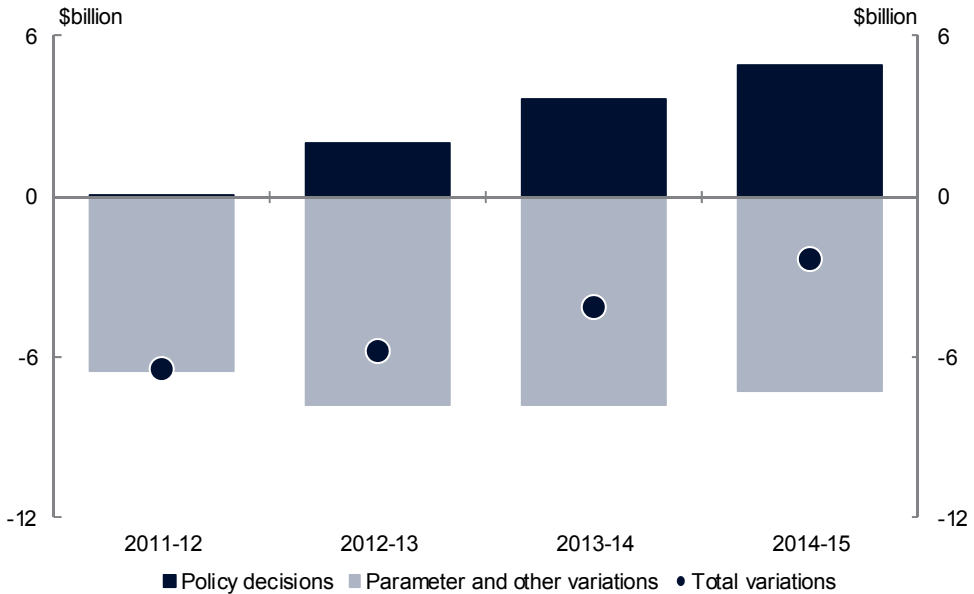
VARIATIONS IN THE RECEIPTS ESTIMATES

Table 4 reconciles the 2012-13 Budget's total receipts estimates with those at the 2011-12 Budget and the 2011-12 MYEFO. Since the 2011-12 MYEFO, total receipts have been revised down by \$18.7 billion in the four years to 2014-15, reflecting a downward revision of \$29.4 billion from parameter and other variations, partly offset by \$10.7 billion of policy measures (Chart 5).

Table 4: Reconciliation of Australian Government general government receipts estimates from the 2011-12 Budget and the 2011-12 MYEFO

	Estimates			Projection
	2011-12	2012-13	2013-14	2014-15
	\$m	\$m	\$m	\$m
Receipts at 2011-12 Budget	342,390	378,520	395,935	415,453
Changes from 2011-12 Budget to 2011-12 MYEFO				
Effect of policy decisions	-979	1,898	6,777	7,729
Effect of parameter and other variations	-4,979	-5,859	-6,079	-7,223
Total variations	-5,958	-3,961	698	506
Receipts at 2011-12 MYEFO	336,432	374,559	396,634	415,959
Changes from 2011-12 MYEFO to 2012-13 Budget				
Effect of policy decisions	76	2,021	3,680	4,915
Effect of parameter and other variations	-6,532	-7,806	-7,770	-7,256
Total variations	-6,457	-5,785	-4,090	-2,341
Receipts at 2012-13 Budget	329,976	368,774	392,544	413,618

Since the 2011-12 MYEFO, tax receipts have been revised down by \$6.1 billion in 2012-13 and \$18.4 billion over the four years to 2014-15. Excluding GST, tax receipts have been revised down by \$3.2 billion in 2012-13 and by \$7.4 billion over the four years to 2014-15.

Chart 5: Revisions to total receipts estimates since the 2011-12 MYEFO

Source: Treasury estimates.

Effect of parameter and other variations

Variations in receipts can stem from either policy changes or parameter and other variations – that is, recent economic conditions, the updated economic outlook, year-to-date collections, and other non-policy factors. This section discusses variations in receipts from parameter and other variations, while policy changes are covered in the next section.

The receipts forecasts are based on the economic outlook presented in Statement 2, with changes in nominal incomes and spending, including changes in their composition, having consequential impacts on expected tax receipts. The key economic parameters that influence revenue are shown in Table 5. Analysis of the sensitivity of the tax receipts estimates to changes in the economic outlook is provided in Statement 3 (Appendix A).

Table 5: Key economic parameters^(a)

	Estimates			Projections	
	2011-12	2012-13	2013-14	2014-15	2015-16
Revenue parameters at 2012-13 Budget					
Nominal gross domestic product (non-farm)	5.8	5.1	5.4	5 1/4	5 1/4
<i>Change since 2011-12 MYEFO</i>	-0.6	-0.3	0.2	0	na
Compensation of employees (non-farm)(b)	6.5	5.0	5.4	5 1/2	5 1/2
<i>Change since 2011-12 MYEFO</i>	0.1	-0.4	-0.1	0	na
Corporate gross operating surplus(c)	6.1	4.1	4.8	5 1/4	5
<i>Change since 2011-12 MYEFO</i>	0.3	-0.4	-0.5	1/4	na
Unincorporated business income	2.9	5.3	5.3	5 1/4	5 1/4
<i>Change since 2011-12 MYEFO</i>	-3.2	0.3	-0.2	- 1/4	na
Property income(d)	3.9	6.5	6.7	5 1/2	5 1/2
<i>Change since 2011-12 MYEFO</i>	-1.4	2.6	1.2	1/4	na
Consumption subject to GST	5.1	5.3	4.8	5 1/2	5 1/2
<i>Change since 2011-12 MYEFO</i>	0.6	-0.6	-0.7	0	na

(a) Current prices, per cent change on previous years. Changes since the 2011-12 MYEFO are percentage points and may not reconcile due to rounding.

(b) Compensation of employees measures total remuneration earned by employees.

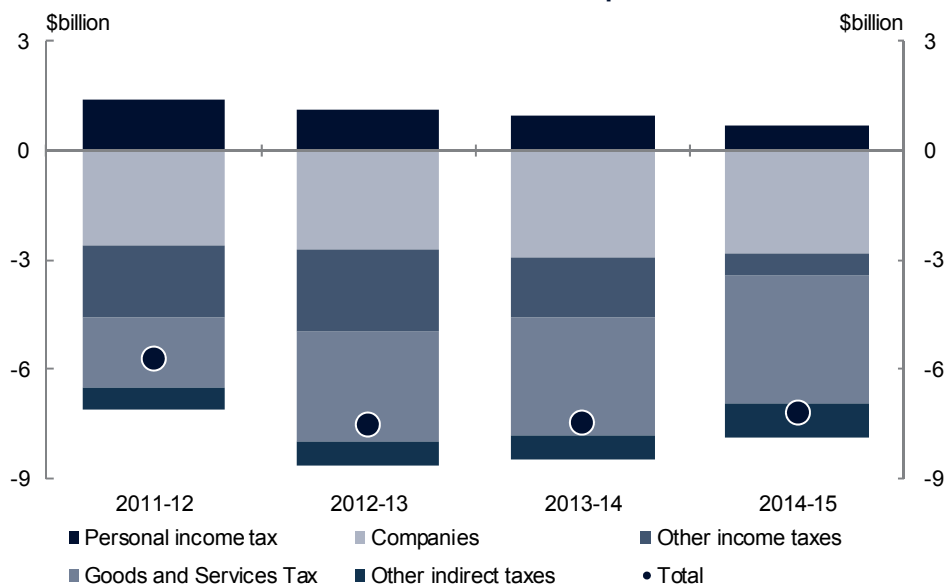
(c) Corporate GOS is an Australian National Accounts measure of company profits, gross of depreciation.

(d) Property income measures income derived from rent, dividends, and interest.

na not applicable.

Relative to the 2011-12 MYEFO, parameter and other variations have reduced tax receipts by \$5.7 billion in 2011-12, \$7.6 billion in 2012-13, and \$28.0 billion over the four years to 2014-15 (Chart 6). Parameter and other variations have reduced tax receipts excluding GST by \$3.8 billion in 2011-12, \$4.6 billion in 2012-13, and \$16.5 billion over the four years to 2014-15.

Chart 6: Parameter and other variations to tax receipts since the 2011-12 MYEFO



Source: Treasury estimates.

Income tax receipts from companies and superannuation funds account for around three-quarters of the revision to total tax receipts in 2011-12, with collective downward revisions of \$4.2 billion.

- Of this, company tax receipts account for \$2.6 billion, reflecting the weakness in CGT as well as weaker-than-expected tax collections relating to the 2010-11 and earlier income years. In addition, the larger-than-anticipated losses incurred during the global financial crisis continue to weigh on company tax receipts.
- Superannuation funds' tax receipts are also expected to be lower by \$1.6 billion, reflecting lower capital gains.

In contrast, individuals' taxes have been revised up by \$1.4 billion, partly reflecting weaker-than-expected refunds (which boost tax collections).

Indirect taxes have been revised down by \$2.5 billion, largely reflecting a \$1.9 billion write-down of GST and a \$1.1 billion downgrade in excise receipts, partly offset by higher customs duties.

Detail on the parameter and other variations to individual heads of revenue in 2011-12 and in 2012-13 since the 2011-12 MYEFO is described below.

- Gross income tax withholding receipts are expected to be around \$320 million lower in 2011-12 and \$590 million lower in 2012-13, reflecting softness in the labour market.
- Gross other individuals' receipts are expected to be \$700 million higher in 2011-12, and \$680 million higher in 2012-13. Stronger non-wage income, particularly relating to the 2010-11 income year, is driving the upward revision, partly offset by the slow recovery in asset prices (affecting CGT).
- Stronger incomes relating to the 2010-11 income year also have resulted in downward revisions to individuals' refunds (which have the effect of increasing total individuals' taxes) by \$1.0 billion in both 2011-12 and 2012-13.
- Superannuation funds' receipts are expected to be \$1.6 billion lower in 2011-12 and \$1.5 billion lower in 2012-13, reflecting weakness in collections relating to the 2010-11 income year as well as the sluggish recovery in asset prices (affecting CGT).
- Company tax receipts have been revised down by \$2.6 billion in 2011-12, reflecting weakness in tax collections relating to the 2010-11 income year, and the tepid recovery in asset prices. Company tax receipts have been revised down by \$2.7 billion in 2012-13, reflecting a weaker capital gains tax outlook, partly offset by stronger corporate profits in 2011-12.

Statement 5: Revenue

- Capital gains tax, which is an important component of individuals, companies and superannuation funds' tax, is expected to be lower by \$600 million in 2011-12 and \$800 million in 2012-13, reflecting the sluggish recovery in asset prices.
- Resource rent tax receipts are estimated to be \$420 million lower in 2011-12, reflecting higher investment costs (which lower tax payable) in a number of offshore oil fields. Resource rent taxes are expected to be \$850 million lower in 2012-13, reflecting weaker coal prices and the dampening effect of a higher assumed exchange rate.
- GST receipts have been revised down by \$1.9 billion in 2011-12 and \$3.0 billion in 2012-13, reflecting weakness in year-to-date collections, the softer outlook for consumption subject to GST, as well as subdued dwelling investment.
- Excise duties have been revised down by \$1.1 billion in both 2011-12 and 2012-13. The downgrade is broadly-based across most excisable products.
- Customs duty receipts have been revised up by \$470 million in 2011-12 and by \$250 million in 2012-13. The increase reflects higher imports of automobiles following increased supply coming on stream following the tsunami in Japan, and the offshore relocation of a major tobacco producer – which has the effect of reducing tobacco excises but raising custom duties.
- The carbon pricing mechanism takes effect from 2012-13. Estimates of receipts from the mechanism are unchanged from the 2011-12 MYEFO.
- Non-tax receipts have been revised down by \$820 million in 2011-12, reflecting lower interest and other receipts. Non-tax receipts have been revised down by \$240 million in 2012-13, reflecting lower interest receipts and lower sales of non-financial assets.

Effect of policy decisions

Policy decisions since the 2011-12 MYEFO are expected to increase receipts by \$2.0 billion in 2012-13, 3.7 billion in 2013-14, \$4.9 billion in 2014-15 and \$6.2 billion in 2015-16.

The Budget contains decisions not to proceed with (or defer) some previously announced measures that would have otherwise reduced tax receipts. The decisions in this Budget not to proceed with some measures will maintain tax liabilities at present levels. These measures include the following.

- Not proceeding with lowering the company tax rate, from the 2013-14 income year, nor implementing an early start to the company tax rate cut for small businesses from the 2012-13 income year. The Government was not able to secure the necessary parliamentary support and for this reason the decision not to proceed with the company tax cut will now help fund initiatives to spread the benefits of the

resources boom to help families on low- and middle-incomes and support business investment. This measure will increase estimated tax receipts by \$4,600 million over the forward estimates period, including the removal of the growth dividend associated with the company tax rate cut.

- Not proceeding with the standard deduction for work-related expenses and for the cost of managing tax affairs, which was due to commence on 1 July 2013. This measure is expected to increase tax receipts by \$1,612 million over the forward estimates.
- Deferring to 1 July 2014 the increase in the concessional contributions cap for individuals aged 50 and over with superannuation balances below \$500,000, increasing tax receipts by \$1,430 million over the forward estimates period.
- Not proceeding with the 50 per cent discount for interest income, which was due to commence on 1 July 2013. This measure is expected to increase tax receipts by \$795 million over the forward estimates.

The Budget also contains revenue savings measures that better target tax expenditures, including the following.

- Making the superannuation system fairer by reducing the higher tax concession that very high income earners receive on their concessional contributions, so it is more in line with the concession received by average income earners, increasing receipts by \$1,030 million over the forward estimates period.
- Further reforming the tax concession for living-away-from-home allowances and benefits, by better targeting it at people who are legitimately maintaining a second home in addition to their actual home for an initial period, increasing receipts by \$1,019 million over the forward estimates.
- Reducing the personal allowance for duty free tobacco from 250 cigarettes to 50 cigarettes or 50 grams of other tobacco products from 1 September 2012. This measure is expected to increase receipts by \$660 million over the forward estimates.

Table 6: Revenue policy decisions since the 2011-12 MYEFO (receipts basis)

	2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m	Total \$m
Company tax cut - do not proceed	50.0	300.0	1,200.0	1,550.0	1,500.0	4,600.0
Personal income tax – do not proceed with standard deduction	-	-	-	402.6	1,209.7	1,612.3
Superannuation – deferral of higher concessional contributions cap	-	580.0	730.0	130.0	-10.0	1,430.0
Tax compliance – managing tax debt in challenging times: a balanced and differentiated approach	-	311.7	393.3	272.4	147.6	1,125.0
GST – compliance program – two year extension	-	-	-	462.9	613.2	1,076.1
Superannuation – reduction of higher tax concession for contributions of very high income earners	-	-	200.0	355.0	475.0	1,030.0
Fringe benefits tax – further reform to living-away-from-home allowances and benefits	-	50.0	217.0	353.0	399.0	1,019.0
Personal income tax – do not proceed with 50 per cent tax discount for interest income	-	-	-	280.0	515.0	795.0
Spreading the benefits of the boom – company loss carry-back	-	-	-150.0	-250.0	-300.0	-700.0
Duty free allowances - cigarettes and tobacco	0.0	127.0	165.0	176.0	192.0	660.0
Passenger movement charge – increase	-	85.0	140.0	175.0	210.0	610.0
Tax Breaks for Green Buildings – closure	-	-	10.0	100.0	280.0	390.0
Stronger Super – implementation of SuperStream reforms	-	121.5	111.1	83.1	69.3	385.0
Personal income tax – changes to the net medical expenses tax offset	-	..	115.0	125.0	130.0	370.0
Australian Reinsurance Pool Corporation – dividend	-	75.0	75.0	75.0	75.0	300.0
International tax - increase in managed investment trust final withholding tax rate	-	50.0	65.0	70.0	75.0	260.0
Personal income tax – mature age worker tax offset phase out	-	-	40.0	85.0	130.0	255.0
Tax compliance – maintaining the cross agency approach to preventing abuse of secrecy jurisdictions (Project Wickenby)	-	3.8	46.5	84.8	75.0	210.1
Personal income tax – better targeting of the employment termination payment tax offset	20.0	20.0	50.0	55.0	60.0	205.0
Export Finance and Insurance Corporation – special dividend	-	200.0	-	-	-	200.0
Other measures	5.8	97.4	272.2	330.3	345.2	1,051.0
Total impact of revenue measures	75.8	2,021.4	3,680.1	4,915.1	6,191.0	16,883.5

The Government is also increasing Australian Taxation Office (ATO) resources to undertake tax compliance activities through the following measures.

- Increasing cash receipts by \$1,125 million over the four years to 2015-16 by providing \$106 million over four years to the ATO to increase the ATO's collections of outstanding taxation debts and superannuation guarantee charges. This has no impact in fiscal balance terms.
- Increasing cash receipts by \$1076.1 million over the forward estimates, including a GST component of \$554.1 million that will be paid to the States and Territories, by providing \$195.3 million in 2014-15 and 2015-16 to continue a range of activities that promote voluntary GST compliance and provide a level playing field for Australian businesses.
- Increasing cash receipts by \$210.1 million over the forward estimates period by providing \$76.8 million over three years to the ATO and other Project Wickenby agencies to continue the Government's fight against tax evasion, avoidance and related crimes.

There are also a small number of policy measures since MYEFO which reduce tax receipts. The most significant is the introduction of loss carry-back for companies that allows them to carry back tax losses so they receive a refund against tax previously paid. This will improve their access to tax losses, which will help them invest and innovate. The measure commences in 2012-13 and is expected to reduce receipts by \$700 million over the forward estimates.

Table 7: Personal income tax rates^(a)

	From 1 July 2010		From 1 July 2011		From 1 July 2012		From 1 July 2013	
	Taxable income	Per cent	Taxable income	Per cent	Taxable income	Per cent	Taxable income	Per cent
Residents	\$0-\$6,000	Nil	\$0-\$6,000	Nil	\$0-\$18,200	Nil	\$0-\$18,200	Nil
	\$6,001-\$37,000	15	\$6,001-\$37,000	15	\$18,201-\$37,000	19	\$18,201-\$37,000	19
	\$37,001-\$80,000	30	\$37,001-\$80,000	30	\$37,001-\$80,000	32.5	\$37,001-\$80,000	32.5
	\$80,001-\$180,000	37	\$80,001-\$180,000	37	\$80,001-\$180,000	37	\$80,001-\$180,000	37
	> \$180,000	45	> \$180,000	45	> \$180,000	45	> \$180,000	45
Non-residents	\$0-\$37,000	29	\$0-\$37,000	29	\$0-\$80,000	32.5	\$0-\$80,000	32.5
	\$37,001-\$80,000	30	\$37,001-\$80,000	30	\$80,001-\$180,000	37	\$80,001-\$180,000	37
	\$80,001-\$180,000	37	\$80,001-\$180,000	37	> \$180,000	45	> \$180,000	45
	> \$180,000	45	> \$180,000	45				
Medicare levy (for singles)	\$0-\$18,839	Nil	\$0-\$19,404	Nil	\$0-\$20,542	Nil	\$0-\$20,542	Nil
	\$18,840-\$22,163	10% of > \$18,839	\$19,405-\$22,828	10% of > \$19,404	\$20,543-\$24,167	10% of > \$20,542	\$20,543-\$24,167	10% of > \$20,542
	> \$22,163	1.5	> \$22,828	1.5	> \$24,167	1.5	> \$24,167	1.5
Low Income Tax Offset	\$0-\$30,000	Amount \$1,500	\$0-\$30,000	Amount \$1,500	\$0-\$37,000	Amount \$445	\$0-\$37,000	Amount \$445
	\$30,001-\$67,500	less 4% of > \$30,000	\$30,001-\$67,500	less 4% of > \$30,000	\$37,001-\$66,666	less 1.5% of > \$37,000	\$37,001-\$66,666	less 1.5% of > \$37,000
	> \$67,500	Nil	> \$67,500	Nil	> \$66,666	Nil	> \$66,666	Nil

(a) This table includes legislated changes to tax rates and thresholds, excluding temporary changes such as the Temporary Flood and Cyclone Reconstruction Levy in 2011-12.

RECEIPTS GROWTH BY HEAD OF REVENUE

In 2011-12, total receipts are expected to grow by 9.3 per cent (\$28.0 billion), on the back of a pick-up in individuals' income tax growth of 11.3 per cent (\$15.3 billion) and a bounce-back in company tax growth of 19.9 per cent (\$11.2 billion).

In 2012-13, total receipts are forecast to grow by a further 11.8 per cent (\$38.8 billion), reflecting 8.1 per cent (\$12.3 billion) growth in individuals' income tax receipts, 8.9 per cent (\$6.0 billion) growth in company tax receipts, and 10.5 per cent (\$8.7 billion) growth in indirect taxes.

In the projection years, total receipts are forecast to grow by 6.4 per cent (\$23.8 billion) in 2013-14, 5.4 per cent (\$21.1 billion) in 2014-15 and by 6.0 per cent (\$24.8 billion) in 2015-16.

Individuals' income and other withholding taxation receipts

Table 8: Individuals' income and other withholding taxation receipts

	Actual		Estimates		Projections	
	2010-11 \$m	2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m
Individuals' and other withholding taxes						
Gross income tax withholding	129,654	142,200	150,600	163,900	174,700	185,400
Gross other individuals	27,795	31,300	35,500	37,900	41,500	44,900
<i>less: Refunds</i>	24,711	25,600	26,240	26,430	28,580	30,500
Total individuals' and withholding taxation	132,739	147,900	159,860	175,370	187,620	199,800
Fringe benefits tax	3,303	3,480	3,830	4,310	4,680	4,880
Total individuals taxation receipts	136,041	151,380	163,690	179,680	192,300	204,680

Gross income tax withholding

Receipts from gross income tax withholding are expected to grow by 9.7 per cent (\$12.5 billion) in 2011-12, reflecting growth in wages and salaries.

In 2012-13, gross income tax withholding receipts are forecast to increase by 5.9 per cent (\$8.4 billion), reflecting more modest growth in wages and salaries.

In the projection years, receipts from gross income tax withholding are expected to grow by 8.8 per cent (\$13.3 billion) in 2013-14, 6.6 per cent (\$10.8 billion) in 2014-15 and 6.1 per cent (\$10.7 billion) in 2015-16, reflecting longer-term growth in wages and salaries, partly offset by the effect of personal tax cuts brought about by the *Clean Energy Future Package*.

Gross other individuals

Gross other individuals receipts are expected to grow by 12.6 per cent (\$3.5 billion) in 2011-12, largely reflecting growth in non-wage income.

In 2012-13, receipts from gross other individuals are expected to grow by 13.4 per cent (\$4.2 billion), reflecting growth in non-wage income.

In the projection years, receipts from gross other individuals are expected to grow in line with longer-term trends in non-wage income.

Income tax refunds for individuals

Income tax refunds for individuals, which have a negative impact on receipts, are expected to grow by 3.6 per cent (\$889 million) in 2011-12, mainly reflecting 2010-11 individuals' income.

Individuals' tax refunds are then expected to grow by 2.5 per cent (\$640 million) in 2012-13, largely reflecting a bring-forward of the low-income tax offset.

In the projection years, refunds for individuals are expected to return to longer-term trend growth.

Fringe benefits tax

Receipts from fringe benefits tax (FBT) are expected to grow by 5.4 per cent (\$177 million) in 2011-12, reflecting wages and employment growth.

In 2012-13, FBT is expected to grow by 10.1 per cent (\$350 million), in part reflecting the positive impact of the revised policy treatment of FBT on cars.

Over the projection years, FBT is expected to return to longer-term trend growth.

Company and other related income taxation receipts

Table 9: Company and other related income taxation receipts

	Actual	Estimates		Projections		
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	\$m	\$m	\$m	\$m	\$m	\$m
Company tax	56,262	67,460	73,480	76,370	80,320	84,270
Superannuation funds	6,519	7,230	8,050	9,010	10,805	12,715
Resource rent taxes(a)	806	1,510	7,160	8,190	7,380	8,200
Total company and related income taxation receipts	63,587	76,200	88,690	93,570	98,505	105,185

(a) Resource rent taxes include PRRT and gross receipts from the MRRT. Net receipts from the MRRT are expected to be \$3.0 billion in 2012-13, \$3.5 billion in 2013-14, \$3.2 billion in 2014-15 and \$3.7 billion in 2015-16, which represent the net impact on receipts across several different heads of revenue. These include the offsetting reductions in company tax (through deductibility) and interactions with other taxes.

Company tax

Company tax is forecast to grow by 19.9 per cent (\$11.2 billion) in 2011-12, reflecting the lagged effect of the economic recovery on tax collections following the global financial crisis. In 2012-13, company tax receipts are expected to grow by 8.9 per cent (\$6.0 billion), as strengthening economic conditions since the financial crisis continue to flow into tax collections.

Over the projection years, receipts from company tax are expected to grow by 3.9 per cent (\$2.9 billion) in 2013-14, 5.2 per cent (\$4.0 billion) in 2014-15 and 4.9 per cent (\$4.0 billion) in 2015-16, reflecting more normal rates of growth in gross operating surplus.

Superannuation funds

Receipts from superannuation funds are expected to grow by 10.9 per cent (\$711 million) in 2011-12 and 11.3 per cent (\$820 million) in 2012-13, reflecting the ongoing recovery from the global financial crisis in wages and salaries growth and asset prices, which increase contributions and earnings from superannuation funds.

In the projection years, receipts from superannuation funds increase by 11.9 per cent (\$960 million) in 2013-14, 19.9 per cent (\$1.8 billion) in 2014-15, and 17.7 per cent (\$1.9 billion) in 2015-16. The acceleration in growth in superannuation tax over the projection years reflects stronger capital gains growth as asset markets recover and the effect of crisis-related losses on tax positions unwinds. It also reflects policy changes, including the phased increase in the superannuation guarantee charge to 12 per cent, and the measure announced at this Budget to reduce the tax concession which very high income earners receive on their concessional contributions.

Resource rent taxes

Resource rent taxes include the petroleum resource rent tax (PRRT) and the minerals resource rent tax (MRRT). They can be highly variable as they are heavily influenced by movements in the exchange rate and relevant commodity prices. The introduction of the MRRT in 2012-13 gives a one-off boost to the revenue base and growth rate in that year.

Receipts from resource rent taxes are expected to increase by 87.3 per cent (\$704 million) in 2011-12, reflecting high commodity prices and high levels of production.

Receipts from resource rent taxes are expected to grow substantially in 2012-13, reflecting the commencement of the MRRT.

Over the forward years, receipts from resource rent taxes are expected to reflect the projected changes in the commodity price cycle and some additional fields paying PRRT coming on stream.

Box 3: The company tax payments system during a downturn

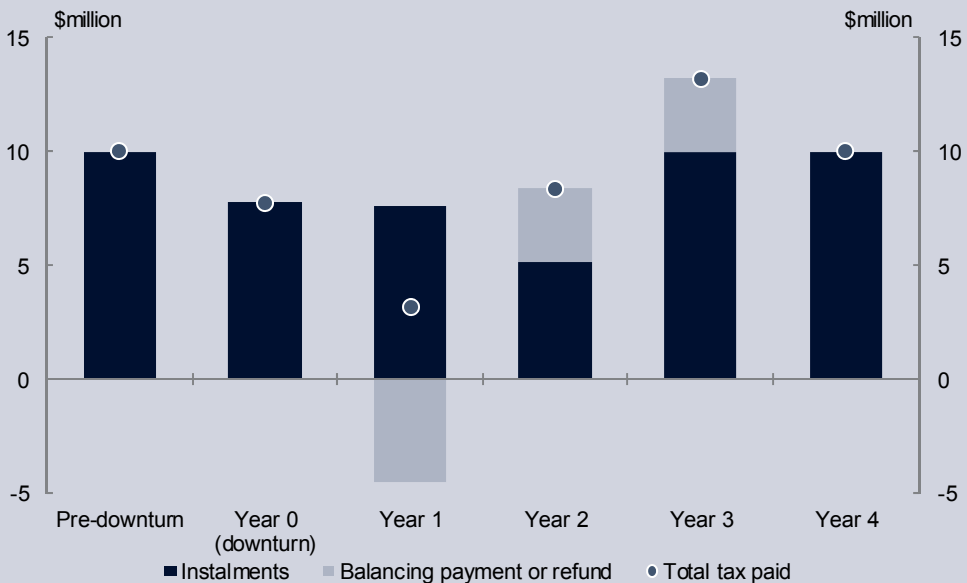
The design of the company tax payments system may result in counter-intuitive payment patterns following a downturn. The majority of company tax is paid in quarterly instalments, which are calculated from quarterly turnover and a rate based on the most recently assessed tax return. There is also a balancing payment or a refund upon lodgement of the tax return six months after the income year.

Chart A shows an illustrative example, with the ‘pre-downturn’ being a ‘normal’ year, with no balancing payment required. In the downturn year (year 0), instalments fall due to lower turnover, but the company still receives a refund (the negative bar in year 1) because the instalment rate reflects pre-downturn profits.

During year 1, when turnover returns to normal, the company will receive its new, lower, instalment rate. It will therefore pay lower instalments which, combined with the refund from year 0, makes year 1 the lowest year of tax paid over the cycle. The company will under-pay its tax in year 1 and pay a balancing payment in year 2. This effect will broadly repeat in year 2, with the company still operating on the lower instalment rate. Instalments return to ‘normality’ in year 3 which, combined with the balancing payment from year 2, makes this the peak year for tax payments.

This stylised example illustrates that a downturn takes several years to flow through the company tax payments system and results in very high growth rates of total tax paid several years afterwards. Downturns may spread over more than one year and, as companies operate on various accounting years, the effects may extend even further. This example does not consider a company making a loss, which is ‘carried forward’ and offset against future years’ income, potentially generating even higher growth rates as income returns to normality (Box 3, Statement 5, 2010-11 Budget).

Chart A: Cash payments for an example company through a downturn



Source: Treasury estimates.

Sales taxation receipts

Table 10: Sales taxation receipts

	Actual		Estimates		Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	\$m	\$m	\$m	\$m	\$m	\$m
Goods and services tax	46,083	45,729	48,341	51,049	53,660	56,247
Wine equalisation tax	722	720	770	820	870	920
Luxury car tax	483	440	450	460	480	510
Total sales taxation receipts	47,288	46,889	49,561	52,329	55,010	57,677

Goods and services tax

Goods and services tax (GST) receipts are expected to decline by 0.8 per cent (\$354 million) in 2011-12, reflecting weak year-to-date collections as well as softness in dwelling investment.

In 2012-13, receipts from GST are expected to grow by 5.7 per cent (\$2.6 billion), reflecting growth in taxable consumption and dwelling investment as well as increased compliance measures.

In the projection years, GST receipts are expected to grow by 5.6 per cent (\$2.7 billion) in 2013-14 and 5.1 per cent (\$2.6 billion) in 2014-15 and 4.8 per cent (\$2.6 billion) in 2015-16, in line with trend growth in consumption.

Other sales taxes

Other sales taxes include the wine equalisation tax and the luxury car tax.

Luxury car tax (LCT) receipts are expected to decline by 8.9 per cent (\$43 million) in 2011-12, reflecting subdued growth in luxury car sales during the year. LCT receipts are expected to increase by 2.3 per cent (\$10 million) in 2012-13, reflecting a modest bounce back in sales. A return to longer term growth is expected over the projection period.

Wine equalisation tax (WET) receipts are expected to remain broadly unchanged in 2011-12. In 2012-13, receipts from the WET are expected to grow by 6.9 per cent (\$50 million), reflecting modest growth in wine consumption. Receipts from the WET are expected to grow in line with longer-term growth rates over the projection years.

Excise and customs duty

Table 11: Excise and customs duty receipts

	Actual		Estimates		Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	\$m	\$m	\$m	\$m	\$m	\$m
Excise duty						
Petrol	5,892	6,000	5,900	5,900	5,750	6,050
Diesel	7,435	8,200	8,700	9,200	9,300	9,500
Beer	1,952	1,960	2,035	2,183	2,265	2,383
Tobacco	6,387	5,790	5,850	5,190	5,220	5,360
Other excisable products	4,089	3,830	4,400	4,710	4,990	5,180
of which: Other excisable beverages(a)	897	930	940	1,030	1,070	1,130
Total excise duty receipts	25,756	25,780	26,885	27,183	27,525	28,473
Customs duty						
Textiles, clothing and footwear	639	650	730	785	635	675
Passenger motor vehicles	507	850	940	1,020	1,090	1,160
Excise-like goods	3,364	4,210	4,370	5,310	5,420	5,610
Other imports	1,287	1,400	1,500	1,625	1,720	1,840
less: Refunds and drawbacks	368	200	200	200	200	200
Total customs duty receipts	5,429	6,910	7,340	8,540	8,665	9,085
Total excise and customs duty receipts	31,185	32,690	34,225	35,723	36,190	37,558

(a) Other excisable beverages are those not exceeding 10 per cent by volume of alcohol (excluding beer, brandy and wine).

Excise duty

Receipts from excise are expected to be broadly unchanged in 2011-12, reflecting the balance of declines in alcohol and tobacco excise and gains in diesel and petrol excise. In 2012-13, excise receipts are expected to increase by 4.3 per cent (\$1.1 billion), partly reflecting continued strong growth in diesel excise. In the projection years, excise duties are expected to grow in line with long-term trends.

Excise duties on tobacco over the forward years are affected by the scheduled relocation overseas of a large tobacco producer, which reduces excise and raises customs duty.

Table 12: Excise rates^(a)

Commodity	Rates	Rates	Rates	Rates
	applying from 2 Aug 2010 \$	applying from 1 Feb 2011 \$	applying from 1 Aug 2011 \$	applying from 1 Feb 2012 \$
Petroleum and other fuel products (per litre)				
Gasoline	0.38143	0.38143	0.38143	0.38143
Diesel	0.38143	0.38143	0.38143	0.38143
Ethanol and biodiesel	0.38143	0.38143	0.38143	0.38143
Blends of the above	0.38143	0.38143	0.38143	0.38143
Aviation gasoline	0.03556	0.03556	0.03556	0.03556
Aviation kerosene	0.03556	0.03556	0.03556	0.03556
Other petroleum products	0.38143	0.38143	0.38143	0.38143
Greases (per kilogram)	0.05449	0.05449	0.05449	0.05449
Oils and lubricants, excluding greases (per litre)	0.05449	0.05449	0.05449	0.05449
Beer (per litre of alcohol over 1.15 per cent)				
Draught beer, low strength	7.25	7.33	7.51	7.56
Draught beer, mid strength	22.76	23.01	23.59	23.73
Draught beer, high strength	29.78	30.11	30.86	31.05
Other beer, low strength	36.31	36.71	37.63	37.86
Other beer, mid strength	42.31	42.78	43.85	44.11
Other beer, high strength	42.31	42.78	43.85	44.11
Non-commercial, low strength	2.55	2.58	2.64	2.66
Non-commercial, mid and high strength	2.95	2.98	3.05	3.07
Other beverages, not exceeding 10 per cent alcohol content (per litre of alcohol)				
	71.67	72.46	74.27	74.72
Potable spirits (per litre of alcohol)				
Brandy	66.92	67.66	69.35	69.77
Other spirits, exceeding 10 per cent alcohol content	71.67	72.46	74.27	74.72
Cigarettes, cigars and tobacco (tobacco content of 0.8 grams or less per stick)	0.33267	0.33633	0.34474	0.34681
Tobacco products (per kilogram)	415.86	420.43	430.94	433.53

(a) The rate of excise on crude oil and condensate is not provided in this table as it varies according to the quantity sold, the sale price, and the dates of discovery and development of the oil field.

Table 13: Customs duty tariff rates

	Applying from	Applying from	Applying from
	11 May 2005 Per cent	1 January 2010 Per cent	1 January 2015 Per cent
General tariff(a)	5	5	5
Passenger motor vehicles(b)	10	5	5
Textiles, clothing and footwear			
Clothing and finished textiles	17.5	10	5
Cotton sheeting, fabric, carpet and footwear	10	5	5
Sleeping bags, table linen and footwear parts	7.5	5	5
Tariff concession order	0	0	0

(a) The general tariff of 5 per cent applies to most manufactured goods. Many goods, including primary products, textiles, clothing and footwear and other manufactured goods have a free rate of duty.

(b) This category includes new passenger vehicles and off-road vehicles and parts. Used or second-hand passenger vehicles are subject to an additional impost of \$12,000.

Customs

Customs duties are expected to grow by 27.3 per cent (\$1.5 billion) in 2011-12, reflecting higher expected receipts from tobacco and passenger motor vehicles.

In 2012-13, customs duty receipts are expected to grow by 6.2 per cent (\$430 million), reflecting higher expected receipts from tobacco, general goods and passenger motor vehicles.

In 2013-14, customs duty is expected to increase by 16.3 per cent (\$1.2 billion), partly reflecting the effect of the relocation of a large tobacco producer offshore. Customs duties are expected to return to more normal rates of growth by 2015-16.

Carbon Pricing Mechanism

Receipts from the carbon pricing mechanism are expected to be around \$24.7 billion over the forward estimates period.

Table 14: Carbon pricing mechanism receipts

	Actual		Estimates		Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	\$m	\$m	\$m	\$m	\$m	\$m
Carbon pricing mechanism receipts	-	-	4,020	6,610	7,310	6,720

The carbon pricing mechanism will commence from 1 July 2012, with a fixed price period of three years (commencing at \$23 in 2012-13). Liable entities will be required to surrender a carbon unit for every tonne of covered greenhouse gas they emit.

The scheme will transition to a flexible price from 2015-16 and be linked to the international market. Under the flexible price an overall limit (or emissions cap) will be placed on annual greenhouse gas emissions from covered sources. In the flexible price period, international carbon prices are expected to set the domestic carbon price.

The increase in receipts from 2012-13 to 2013-14 largely reflects the surrender obligations for the fixed price period, where liable entities are required to surrender permits for 75 per cent of their emissions liability in the relevant compliance year and the remainder in the following compliance year. The decrease in receipts from 2014-15 to 2015-16 largely reflects lower emissions from moving to a pollution cap.

The receipt estimate for 2015-16 incorporates an international carbon price of around \$29, based on Treasury modelling in *Strong Growth, Low Pollution*. For further detail see Box 1, Statement 3.

Other taxation receipts

Other taxation receipts are expected to decline by 8.9 per cent (\$244 million) in 2011-12, reflecting weaker collections, and increase by 17.1 per cent (\$426 million) in 2012-13, reflecting the Government's decision to implement the Cooper Review reforms that streamline the superannuation system and the increase in the passenger movement charge.

Table 15: Other taxation receipts

	Actual		Estimates		Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	\$m	\$m	\$m	\$m	\$m	\$m
Agricultural levies	445	437	440	436	443	449
Other taxes	2,292	2,057	2,480	3,060	3,094	3,190
Total other taxation receipts	2,738	2,494	2,920	3,496	3,537	3,639

Non-taxation receipts

Non-tax receipts are expected to decline by 4.1 per cent (\$862 million) in 2011-12 from 2010-11 as a consequence of lower dividends and interest receipts.

Non-tax receipts are expected to increase by 26.3 per cent (\$5.3 billion) in 2012-13, reflecting an increase in the sale of non-financial assets, increased interest received by the Future Fund and higher dividends from Government Business Enterprises.

Table 16: Non-taxation receipts

	Actual		Estimates		Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	\$m	\$m	\$m	\$m	\$m	\$m
Sales of goods and services	7,522	8,040	8,289	8,696	8,426	8,741
Interest received	4,943	4,343	4,660	4,679	4,525	4,822
Dividends	3,248	2,222	2,518	1,967	2,137	2,197
Other non-taxation receipts	5,472	5,718	10,201	5,793	5,677	7,154
Total non-taxation receipts	21,185	20,323	25,667	21,135	20,766	22,914

REVENUE VARIATIONS SINCE MYEFO

The revenue estimates are the accrual accounting equivalent of the cash-based receipts estimates. Changes in revenue are generally driven by the same factors – policy as well as parameter variation – as receipts. Where the revenue and receipts estimates tend to vary is in terms of the timing of their impacts.

Further information on the difference between the accrual and cash taxation estimates is provided in *Appendix E: Taxation Revenue Recognition*.

Table 17 provides a reconciliation of the Budget's revenue estimates with those at MYEFO.

Table 17: Reconciliation of total Australian Government general government revenue estimates from the 2011-12 MYEFO

	Estimates			Projections
	2011-12	2012-13	2013-14	2014-15
	\$m	\$m	\$m	\$m
Revenue at 2011-12 MYEFO	344,110	382,764	407,542	428,151
Per cent of GDP	23.1	24.5	24.7	24.6
Changes from 2011-12 MYEFO to 2012-13 Budget				
Effect of policy decisions(a)	76	1,722	3,362	4,763
Effect of parameter and other variations	-7,768	-8,415	-8,707	-8,084
Total variations	-7,692	-6,693	-5,344	-3,321
Revenue at 2012-13 Budget	336,418	376,071	402,197	424,830
Per cent of GDP	22.8	24.2	24.6	24.7

(a) Excludes secondary impacts on public debt interest of policy decisions and offsets from the contingency reserve for decisions taken.

Since the 2011-12 MYEFO, total revenue has been revised down by \$7.7 billion in 2011-12 and by \$6.7 billion in 2012-13. The downward revisions reflect lower estimated company taxes, superannuation tax, GST and excise. The factors affecting downward revisions to tax receipts are also at play with regards to revenue write-downs.

APPENDIX A: RECEIPTS AND REVENUE FORWARD ESTIMATES

Table A1: Australian Government general government (cash) receipts

	Actual	Estimates			Projections	
	2010-11 \$m	2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m
Individuals' and other withholding taxes						
Gross income tax withholding	129,654	142,200	150,600	163,900	174,700	185,400
Gross other individuals	27,795	31,300	35,500	37,900	41,500	44,900
less: Refunds	24,711	25,600	26,240	26,430	28,580	30,500
Total individuals' and other withholding taxation	132,739	147,900	159,860	175,370	187,620	199,800
Fringe benefits tax	3,303	3,480	3,830	4,310	4,680	4,880
Company tax	56,262	67,460	73,480	76,370	80,320	84,270
Superannuation funds	6,519	7,230	8,050	9,010	10,805	12,715
Resource rent taxes(a)	806	1,510	7,160	8,190	7,380	8,200
Income taxation receipts	199,628	227,580	252,380	273,250	290,805	309,865
Sales taxes						
Goods and services tax	46,083	45,729	48,341	51,049	53,660	56,247
Wine equalisation tax	722	720	770	820	870	920
Luxury car tax	483	440	450	460	480	510
Total sales taxes	47,288	46,889	49,561	52,329	55,010	57,677
Excise duty						
Petrol	5,892	6,000	5,900	5,900	5,750	6,050
Diesel	7,435	8,200	8,700	9,200	9,300	9,500
Beer	1,952	1,960	2,035	2,183	2,265	2,383
Tobacco	6,387	5,790	5,850	5,190	5,220	5,360
Other excisable products	4,089	3,830	4,400	4,710	4,990	5,180
of which: Other excisable beverages(b)	897	930	940	1,030	1,070	1,130
Total excise duty receipts	25,756	25,780	26,885	27,183	27,525	28,473
Customs duty						
Textiles, clothing and footwear	639	650	730	785	635	675
Passenger motor vehicles	507	850	940	1,020	1,090	1,160
Excise-like goods	3,364	4,210	4,370	5,310	5,420	5,610
Other imports	1,287	1,400	1,500	1,625	1,720	1,840
less: Refunds and drawbacks	368	200	200	200	200	200
Total customs duty receipts	5,429	6,910	7,340	8,540	8,665	9,085
Carbon pricing mechanism	-	-	4,020	6,610	7,310	6,720
Other indirect taxation						
Agricultural levies	445	437	440	436	443	449
Other taxes	2,292	2,057	2,480	3,060	3,094	3,190
Total other indirect taxation receipts	2,738	2,494	2,920	3,496	3,537	3,639
Indirect taxation receipts	81,211	82,073	90,727	98,159	102,047	105,594
Taxation receipts	280,839	309,653	343,107	371,409	392,852	415,459
Sales of goods and services	7,522	8,040	8,289	8,696	8,426	8,741
Interest received	4,943	4,343	4,660	4,679	4,525	4,822
Dividends	3,248	2,222	2,518	1,967	2,137	2,197
Other non-taxation receipts	5,472	5,718	10,201	5,793	5,677	7,154
Non-taxation receipts(c)	21,185	20,323	25,667	21,135	20,766	22,914
Total receipts(c)	302,024	329,976	368,774	392,544	413,618	438,373
<i>Memorandum:</i>						
<i>Capital gains tax(d)</i>	6,400	6,700	10,200	12,900	14,700	16,200
<i>Medicare levy receipts</i>	8,269	9,090	9,640	10,250	10,890	11,410

(a) Resource rent taxes include PRRT and gross receipts from the MRRT. Net receipts from the MRRT are expected to be \$3.0 billion in 2012-13, \$3.5 billion in 2013-14, \$3.2 billion in 2014-15 and \$3.7 billion in 2015-16, which represent the net impact on receipts across several different heads of revenue. These include the offsetting reductions in company tax (through deductibility) and interactions with other taxes.

(b) Other excisable beverages are those not exceeding 10 per cent by volume of alcohol (excluding beer, brandy and wine).

(c) Includes expected Future Fund earnings.

(d) Capital gains tax is part of other individuals, companies and superannuation funds tax. The 2010-11 reported figure is an estimate.

Table A2: Australian Government general government (accrual) revenue

	Actual	Estimates			Projections	
	2010-11 \$m	2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m
Individuals' and other withholding taxes						
Gross income tax withholding	130,790	143,220	151,620	164,980	175,860	186,650
Gross other individuals	30,642	33,610	37,670	40,250	44,150	47,740
less: Refunds	24,660	25,600	26,240	26,430	28,580	30,500
Total individuals' and other withholding taxation	136,772	151,230	163,050	178,800	191,430	203,890
Fringe benefits tax	3,348	3,540	3,900	4,390	4,760	4,960
Company tax	57,312	67,950	75,032	77,901	81,902	85,932
Superannuation funds	6,693	7,390	8,250	9,220	11,035	12,995
Resource rent taxes(a)	806	1,840	7,410	8,350	7,400	8,240
Income taxation revenue	204,931	231,950	257,642	278,661	296,527	316,017
Sales taxes						
Goods and services tax	48,093	47,790	50,486	53,234	56,056	58,730
Wine equalisation tax	747	730	780	830	880	930
Luxury car tax	489	440	450	460	480	510
Total sales taxes	49,329	48,960	51,716	54,524	57,416	60,170
Excise duty						
Petrol	5,907	6,080	5,900	5,380	5,880	6,190
Diesel	7,454	8,200	8,700	9,200	9,300	9,500
Beer	1,957	1,960	2,035	2,183	2,265	2,383
Tobacco	6,387	5,790	5,850	5,190	5,220	5,360
Other excisable products	4,097	3,830	4,400	4,710	4,990	5,180
of which: Other excisable beverages(b)	900	930	940	1,030	1,070	1,130
Total excise duty revenue	25,803	25,860	26,885	26,663	27,655	28,613
Customs duty						
Textiles, clothing and footwear	643	650	730	785	635	675
Passenger motor vehicles	774	850	940	1,020	1,090	1,160
Excise-like goods	3,364	4,210	4,370	5,310	5,420	5,610
Other imports	1,288	1,410	1,510	1,635	1,730	1,850
less: Refunds and drawbacks	241	180	180	180	180	180
Total customs duty revenue	5,828	6,940	7,370	8,570	8,695	9,115
Carbon pricing mechanism	-	-	7,690	8,685	9,275	9,400
Other indirect taxation						
Agricultural levies	445	437	440	436	443	449
Other taxes	2,669	2,307	2,883	3,188	3,267	3,396
Total other indirect taxation revenue	3,115	2,744	3,323	3,625	3,711	3,845
Indirect taxation revenue	84,074	84,504	96,984	102,067	106,752	111,143
Taxation revenue	289,005	316,454	354,626	380,727	403,278	427,160
Sales of goods and services	7,680	8,256	8,264	8,641	8,455	8,788
Interest	5,169	4,703	5,113	5,209	5,187	5,493
Dividends	2,562	1,669	2,485	1,966	2,137	2,197
Other non-taxation revenue	5,473	5,336	5,583	5,654	5,773	5,922
Non-taxation revenue(c)	20,885	19,964	21,445	21,470	21,552	22,400
Total revenue(c)	309,890	336,418	376,071	402,197	424,830	449,559
<i>Memorandum:</i>						
<i>Capital gains tax(d)</i>	6,400	6,700	10,200	12,900	14,700	16,200
<i>Medicare levy revenue</i>	8,269	9,090	9,640	10,250	10,890	11,410

(a) Resource rent taxes include PRRT and gross revenue from the MRRT. Net revenue from the MRRT is expected to be \$3.0 billion in 2012-13, \$3.5 billion in 2013-14, \$3.2 billion in 2014-15 and \$3.7 billion in 2015-16, which represent the net impact on revenue across several different heads of revenue. These include the offsetting reductions in company tax (through deductibility) and interactions with other taxes.

(b) Other excisable beverages are those not exceeding 10 per cent by volume of alcohol (excluding beer, brandy and wine).

(c) Includes expected Future Fund earnings.

(d) Capital gains tax is part of other individuals, companies and superannuation funds tax. The 2010-11 reported figure is an estimate.

APPENDIX B: CHANGES SINCE 2011-12 MYEFO

Table B1: Reconciliation of 2011-12 general government (cash) receipts

	Estimates		Change on MYEFO	
	MYEFO \$m	Budget \$m	\$m	%
Individuals' and other withholding taxes				
Gross income tax withholding	142,500	142,200	-300	-0.2
Gross other individuals	30,600	31,300	700	2.3
less: Refunds	26,600	25,600	-1,000	-3.8
Total individuals' and other withholding taxation	146,500	147,900	1,400	1.0
Fringe benefits tax	3,450	3,480	30	0.9
Company tax	70,000	67,460	-2,540	-3.6
Superannuation funds	8,850	7,230	-1,620	-18.3
Resource rent taxes(a)	1,930	1,510	-420	-21.8
Income taxation receipts	230,730	227,580	-3,150	-1.4
Sales taxes				
Goods and services tax	47,663	45,729	-1,934	-4.1
Wine equalisation tax	740	720	-20	-2.7
Luxury car tax	480	440	-40	-8.3
Total sales taxes	48,883	46,889	-1,994	-4.1
Excise duty				
Petrol	6,000	6,000	0	0.0
Diesel	8,000	8,200	200	2.5
Beer	2,050	1,960	-90	-4.4
Tobacco	6,250	5,790	-460	-7.4
Other excisable products	4,600	3,830	-770	-16.7
of which: Other excisable beverages(b)	950	930	-20	-2.1
Total excise duty receipts	26,900	25,780	-1,120	-4.2
Customs duty				
Textiles, clothing and footwear	650	650	0	0.0
Passenger motor vehicles	600	850	250	41.7
Excise-like goods	4,000	4,210	210	5.3
Other imports	1,450	1,400	-50	-3.4
less: Refunds and drawbacks	260	200	-60	-23.1
Total customs duty receipts	6,440	6,910	470	7.3
Carbon pricing mechanism	-	-	-	-
Other indirect taxation				
Agricultural levies	427	437	9	2.1
Other taxes	1,919	2,057	139	7.2
Total other indirect taxation receipts	2,346	2,494	148	6.3
Indirect taxation receipts	84,569	82,073	-2,496	-3.0
Taxation receipts	315,299	309,653	-5,646	-1.8
Sales of goods and services	7,970	8,040	70	0.9
Interest received	4,902	4,343	-558	-11.4
Dividends	2,233	2,222	-11	-0.5
Other non-taxation receipts	6,029	5,718	-311	-5.2
Non-taxation receipts(c)	21,133	20,323	-810	-3.8
Total receipts(c)	336,432	329,976	-6,457	-1.9
<i>Memorandum:</i>				
<i>Capital gains tax</i>	7,300	6,700	-600	-8.2
<i>Medicare levy revenue</i>	8,930	9,090	160	1.8

(a) Resource rent taxes in 2011-12 only includes PRRT.

(b) Other excisable beverages are those not exceeding 10 per cent by volume of alcohol (excluding beer, brandy and wine).

(c) Includes expected Future Fund earnings.

Table B2: Reconciliation of 2012-13 general government (cash) receipts

	Estimates		Change on MYEFO	
	MYEFO \$m	Budget \$m	\$m	%
Individuals' and other withholding taxes				
Gross income tax withholding	150,100	150,600	500	0.3
Gross other individuals	34,700	35,500	800	2.3
less: Refunds	27,200	26,240	-960	-3.5
Total individuals' and other withholding taxation	157,600	159,860	2,260	1.4
Fringe benefits tax	3,800	3,830	30	0.8
Company tax	75,810	73,480	-2,330	-3.1
Superannuation funds	9,900	8,050	-1,850	-18.7
Resource rent taxes(a)	8,010	7,160	-850	-10.6
Income taxation receipts	255,120	252,380	-2,740	-1.1
Sales taxes				
Goods and services tax	51,229	48,341	-2,888	-5.6
Wine equalisation tax	780	770	-10	-1.3
Luxury car tax	510	450	-60	-11.8
Total sales taxes	52,519	49,561	-2,958	-5.6
Excise duty				
Petrol	5,800	5,900	100	1.7
Diesel	8,500	8,700	200	2.4
Beer	2,200	2,035	-165	-7.5
Tobacco	6,250	5,850	-400	-6.4
Other excisable products	5,150	4,400	-750	-14.6
of which: Other excisable beverages(b)	1,000	940	-60	-6.0
Total excise duty receipts	27,900	26,885	-1,015	-3.6
Customs duty				
Textiles, clothing and footwear	700	730	30	4.3
Passenger motor vehicles	700	940	240	34.3
Excise-like goods	4,250	4,370	120	2.8
Other imports	1,700	1,500	-200	-11.8
less: Refunds and drawbacks	260	200	-60	-23.1
Total customs duty receipts	7,090	7,340	250	3.5
Carbon pricing mechanism	4,020	4,020	0	0.0
Other indirect taxation				
Agricultural levies	432	440	8	1.8
Other taxes	2,079	2,480	401	19.3
Total other indirect taxation receipts	2,511	2,920	409	16.3
Indirect taxation receipts	94,041	90,727	-3,314	-3.5
Taxation receipts	349,161	343,107	-6,054	-1.7
Sales of goods and services	8,218	8,289	71	0.9
Interest received	4,951	4,660	-291	-5.9
Dividends	1,785	2,518	732	41.0
Other non-taxation receipts	10,444	10,201	-243	-2.3
Non-taxation receipts(c)	25,398	25,667	269	1.1
Total receipts(c)	374,559	368,774	-5,785	-1.5
<i>Memorandum:</i>				
<i>Capital gains tax</i>	11,000	10,200	-800	-7.3
<i>Medicare levy revenue</i>	9,620	9,640	20	0.2

(a) Resource rent taxes in 2012-13 includes PRRT and gross receipts from the MRRT.

(b) Other excisable beverages are those not exceeding 10 per cent by volume of alcohol (excluding beer, brandy and wine).

(c) Includes expected Future Fund earnings.

Table B3: Reconciliation of 2011-12 general government (accrual) revenue

	Estimates		Change on MYEFO	
	MYEFO \$m	Budget \$m	\$m	%
Individuals' and other withholding taxes				
Gross income tax withholding	143,520	143,220	-300	-0.2
Gross other individuals	32,910	33,610	700	2.1
less: Refunds	26,600	25,600	-1,000	-3.8
Total individuals' and other withholding taxation	149,830	151,230	1,400	0.9
Fringe benefits tax	3,530	3,540	10	0.3
Company tax	71,800	67,950	-3,850	-5.4
Superannuation funds	8,990	7,390	-1,600	-17.8
Resource rent taxes(a)	2,030	1,840	-190	-9.4
Income taxation revenue	236,180	231,950	-4,230	-1.8
Sales taxes				
Goods and services tax	49,750	47,790	-1,960	-3.9
Wine equalisation tax	750	730	-20	-2.7
Luxury car tax	480	440	-40	-8.3
Total sales taxes	50,980	48,960	-2,020	-4.0
Excise duty				
Petrol	6,080	6,080	0	0.0
Diesel	7,980	8,200	220	2.8
Beer	2,050	1,960	-90	-4.4
Tobacco	6,250	5,790	-460	-7.4
Other excisable products	4,600	3,830	-770	-16.7
of which: Other excisable beverages(b)	950	930	-20	-2.1
Total excise duty revenue	26,960	25,860	-1,100	-4.1
Customs duty				
Textiles, clothing and footwear	650	650	0	0.0
Passenger motor vehicles	750	850	100	13.3
Excise-like goods	4,000	4,210	210	5.3
Other imports	1,460	1,410	-50	-3.4
less: Refunds and drawbacks	120	180	60	50.0
Total customs duty revenue	6,740	6,940	200	3.0
Carbon pricing mechanism	-	-	-	-
Other indirect taxation				
Agricultural levies	427	437	9	2.1
Other taxes	2,344	2,307	-36	-1.6
Total other indirect taxation revenue	2,771	2,744	-27	-1.0
Indirect taxation revenue	87,451	84,504	-2,947	-3.4
Taxation revenue	323,631	316,454	-7,177	-2.2
Sales of goods and services	8,050	8,256	206	2.6
Interest	5,190	4,703	-488	-9.4
Dividends	1,652	1,669	18	1.1
Other non-taxation revenue	5,587	5,336	-251	-4.5
Non-taxation revenue(c)	20,479	19,964	-515	-2.5
Total revenue(c)	344,110	336,418	-7,692	-2.2
<i>Memorandum:</i>				
<i>Capital gains tax</i>	7,300	6,700	-600	-8.2
<i>Medicare levy revenue</i>	8,930	9,090	160	1.8

(a) Resource rent taxes in 2011-12 only includes PRRT.

(b) Other excisable beverages are those not exceeding 10 per cent by volume of alcohol (excluding beer, brandy and wine).

(c) Includes expected Future Fund earnings.

Table B4: Reconciliation of 2012-13 general government (accrual) revenue

	Estimates		Change on MYEFO	
	MYEFO \$m	Budget \$m	\$m	%
Individuals' and other withholding taxes				
Gross income tax withholding	151,190	151,620	430	0.3
Gross other individuals	37,350	37,670	320	0.9
less: Refunds	27,200	26,240	-960	-3.5
Total individuals' and other withholding taxation	161,340	163,050	1,710	1.1
Fringe benefits tax	3,870	3,900	30	0.8
Company tax	77,620	75,032	-2,588	-3.3
Superannuation funds	10,060	8,250	-1,810	-18.0
Resource rent taxes(a)	8,000	7,410	-590	-7.4
Income taxation revenue	260,890	257,642	-3,248	-1.2
Sales taxes				
Goods and services tax	53,560	50,486	-3,074	-5.7
Wine equalisation tax	790	780	-10	-1.3
Luxury car tax	510	450	-60	-11.8
Total sales taxes	54,860	51,716	-3,144	-5.7
Excise duty				
Petrol	5,800	5,900	100	1.7
Diesel	8,480	8,700	220	2.6
Beer	2,200	2,035	-165	-7.5
Tobacco	6,250	5,850	-400	-6.4
Other excisable products	5,150	4,400	-750	-14.6
of which: Other excisable beverages(b)	1,000	940	-60	-6.0
Total excise duty revenue	27,880	26,885	-995	-3.6
Customs duty				
Textiles, clothing and footwear	700	730	30	4.3
Passenger motor vehicles	700	940	240	34.3
Excise-like goods	4,250	4,370	120	2.8
Other imports	1,710	1,510	-200	-11.7
less: Refunds and drawbacks	120	180	60	50.0
Total customs duty revenue	7,240	7,370	130	1.8
Carbon pricing mechanism	7,690	7,690	0	0.0
Other indirect taxation				
Agricultural levies	432	440	8	1.8
Other taxes	2,687	2,883	196	7.3
Total other indirect taxation revenue	3,119	3,323	204	6.5
Indirect taxation revenue	100,789	96,984	-3,805	-3.8
Taxation revenue	361,679	354,626	-7,053	-2.0
Sales of goods and services	8,295	8,264	-30	-0.4
Interest	5,417	5,113	-305	-5.6
Dividends	1,786	2,485	699	39.2
Other non-taxation revenue	5,587	5,583	-5	-0.1
Non-taxation revenue(c)	21,085	21,445	360	1.7
Total revenue(c)	382,764	376,071	-6,693	-1.7
<i>Memorandum:</i>				
<i>Capital gains tax</i>	11,000	10,200	-800	-7.3
<i>Medicare levy revenue</i>	9,620	9,640	20	0.2

(a) Resource rent taxes in 2012-13 includes PRRT and gross revenue from the MRRT.

(b) Other excisable beverages are those not exceeding 10 per cent by volume of alcohol (excluding beer, brandy and wine).

(c) Includes expected Future Fund earnings.

APPENDIX C: RECEIPTS AND REVENUE HISTORY AND FORECASTS

Table C1: Australian Government (cash) receipts

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	(est) \$m	(est) \$m	(est) \$m	(proj) \$m	(proj) \$m
Individuals' and other withholding taxes													
Gross income tax withholding	89,638	97,304	103,120	107,119	113,982	115,899	118,532	129,654	142,200	150,600	163,900	174,700	185,400
Gross other individuals	19,935	22,554	24,895	25,797	29,525	30,030	25,928	27,795	31,300	35,500	37,900	41,500	44,900
less: Refunds	12,325	13,734	15,244	17,145	19,601	23,569	24,390	24,711	25,600	26,240	26,430	28,580	30,500
Total individuals' and other withholding	97,247	106,123	112,770	115,770	123,906	122,361	120,070	132,739	147,900	159,860	175,370	187,620	199,800
Fringe benefits tax	3,590	3,703	4,049	3,761	3,856	3,399	3,504	3,303	3,480	3,830	4,310	4,680	4,880
Company tax	36,101	40,404	48,960	57,100	61,700	60,391	52,209	56,262	67,460	73,480	76,370	80,320	84,270
Superannuation funds	5,551	6,248	6,368	8,211	12,054	9,217	6,099	6,519	7,230	8,050	9,010	10,805	12,715
Resource rent taxes(a)	1,168	1,459	1,917	1,510	1,686	2,184	1,251	806	1,510	7,160	8,190	7,380	8,200
Income taxation receipts	143,658	157,937	174,063	186,353	203,202	197,552	183,132	199,628	227,580	252,380	273,250	290,805	309,865
Sales taxes													
Goods and services tax	33,069	35,184	37,342	39,614	42,424	41,335	43,967	46,083	45,729	48,341	51,049	53,660	56,247
Wine equalisation tax	704	682	656	650	665	693	733	722	720	770	820	870	920
Luxury car tax	335	298	322	364	452	393	472	483	440	450	460	480	510
Other sales taxes(b)	-48	-10	-16	-6	0	-1	0	0	0	0	0	0	0
Total sales taxes	34,060	36,154	38,304	40,621	43,541	42,420	45,173	47,288	46,889	49,561	52,329	55,010	57,677
Excise duty													
Fuel excise	13,540	14,276	13,992	14,663	15,252	15,637	15,675	16,267	16,830	17,790	18,480	18,660	19,270
Other excise	7,539	7,612	7,822	8,086	8,474	8,736	8,764	9,490	8,950	9,095	8,703	8,865	9,203
Total excise duty	21,079	21,888	21,814	22,749	23,727	24,373	24,439	25,756	25,780	26,885	27,183	27,525	28,473
Customs duty	5,038	5,012	4,488	5,063	5,561	5,814	5,341	5,429	6,910	7,340	8,540	8,665	9,085
Carbon pricing mechanism										4,020	6,610	7,310	6,720
Other indirect taxation													
Agricultural levies	603	584	610	608	611	620	395	445	437	440	436	443	449
Other taxes	1,655	1,740	1,936	1,999	1,734	1,848	2,494	2,292	2,057	2,480	3,060	3,094	3,190
Total other indirect taxation receipts	2,258	2,324	2,546	2,607	2,345	2,468	2,888	2,738	2,494	2,920	3,496	3,537	3,639
Indirect taxation receipts	62,435	65,377	67,152	71,039	75,174	75,075	77,841	81,211	82,073	90,727	98,159	102,047	105,594
Taxation receipts	206,092	223,314	241,215	257,392	278,376	272,627	260,973	280,839	309,653	343,107	371,409	392,852	415,459

Table C1: Australian Government (cash) receipts (continued)

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	(est) \$m	(est) \$m	(est) \$m	(proj) \$m	(proj) \$m
Interest received	1,056	1,400	2,325	3,731	4,769	5,166	4,025	4,943	4,343	4,660	4,679	4,525	4,822
Dividends and other	10,627	11,271	12,403	11,514	11,772	14,806	19,665	16,242	15,980	21,007	16,455	16,241	18,092
Non-taxation receipts	11,683	12,670	14,728	15,245	16,540	19,973	23,689	21,185	20,323	25,667	21,135	20,766	22,914
Total receipts	217,776	235,985	255,943	272,637	294,917	292,600	284,662	302,024	329,976	368,774	392,544	413,618	438,373

(a) Resource rent taxes include PRRT and gross receipts from the MRRT. Net receipts from the MRRT are expected to be \$3.0 billion in 2012-13, \$3.5 billion in 2013-14, \$3.2 billion in 2014-15 and \$3.7 billion in 2015-16, which represent the net impact on receipts across several different heads of revenue. These include the offsetting reductions in company tax (through deductibility) and interactions with other taxes.

(b) 'Other sales taxes' includes Wholesale Sales Tax.

Table C2: Major categories of (cash) receipts as a proportion of GDP (continued)^(a)

	Income tax										Indirect taxation receipts																																																											
	Gross ITW					Refunds					Total ind. & w/holding					Super funds					Companies					RRT(c)					Total income tax					Sales taxes(d)					Excise & Customs					CPM(e)					Other tax					Total tax receipts					Total non-tax receipts					Total receipts				
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%																				
1998-99	12.1	2.1	1.7	12.5	0.5	0.6	3.3	0.1	17.1	2.4	2.8	-	0.0	5.2	22.3	2.2	24.5																																																					
1999-00	12.2	2.0	1.7	12.6	0.6	0.6	3.7	0.2	17.6	2.3	2.7	-	0.2	5.2	22.9	2.2	25.1																																																					
2000-01	10.6	1.9	1.6	10.9	0.5	0.7	4.5	0.3	16.9	3.6	3.3	-	0.2	7.2	24.1	1.8	25.9																																																					
2001-02	10.5	2.2	1.4	11.2	0.5	0.6	3.6	0.2	16.1	3.6	3.2	-	0.3	7.1	23.2	1.7	24.8																																																					
2002-03	10.5	2.2	1.5	11.2	0.4	0.6	4.1	0.2	16.6	3.9	3.2	-	0.3	7.4	24.0	1.6	25.5																																																					
2003-04	10.4	2.3	1.4	11.3	0.4	0.6	4.2	0.1	16.7	4.0	3.0	-	0.3	7.3	24.0	1.4	25.3																																																					
2004-05	10.6	2.4	1.5	11.5	0.4	0.7	4.4	0.2	17.2	3.9	2.9	-	0.3	7.1	24.2	1.4	25.6																																																					
2005-06	10.4	2.5	1.5	11.3	0.4	0.6	4.9	0.2	17.5	3.9	2.6	-	0.3	6.8	24.2	1.5	25.7																																																					
2006-07	9.9	2.4	1.6	10.7	0.3	0.8	5.3	0.1	17.2	3.8	2.6	-	0.2	6.6	23.8	1.4	25.2																																																					
2007-08	9.7	2.5	1.7	10.5	0.3	1.0	5.2	0.1	17.3	3.7	2.5	-	0.2	6.4	23.7	1.4	25.1																																																					
2008-09	9.3	2.4	1.9	9.8	0.3	0.7	4.8	0.2	15.8	3.4	2.4	-	0.2	6.0	21.8	1.6	23.4																																																					
2009-10	9.2	2.0	1.9	9.3	0.3	0.5	4.0	0.1	14.2	3.5	2.3	-	0.2	6.0	20.2	1.8	22.0																																																					
2010-11	9.3	2.0	1.8	9.5	0.2	0.5	4.0	0.1	14.3	3.4	2.2	-	0.2	5.8	20.1	1.5	21.6																																																					
2011-12 est	9.6	2.1	1.7	10.0	0.2	0.5	4.6	0.1	15.4	3.2	2.2	-	0.2	5.6	21.0	1.4	22.3																																																					
2012-13 est	9.7	2.3	1.7	10.3	0.2	0.5	4.7	0.5	16.3	3.2	2.2	0.3	0.2	5.8	22.1	1.7	23.8																																																					
2013-14 est	10.0	2.3	1.6	10.7	0.3	0.6	4.7	0.5	16.7	3.2	2.2	0.4	0.2	6.0	22.7	1.3	24.0																																																					
2014-15 proj	10.1	2.4	1.7	10.9	0.3	0.6	4.7	0.4	16.9	3.2	2.1	0.4	0.2	5.9	22.8	1.2	24.0																																																					
2015-16 proj	10.2	2.5	1.7	11.0	0.3	0.7	4.6	0.5	17.1	3.2	2.1	0.4	0.2	5.8	22.9	1.3	24.2																																																					

(a) Figures up to and including 1998-99 are based on the old Commonwealth Budget Sector cash accounting framework. Figures from 1999-2000 are on an Australian Government general government GFS basis.

(b) Gross other individuals include amounts previously collected under the Prescribed Payments System and Reportable Payments System between 1983-84 and 1999-2000.

(c) Resource rent taxes include PRRT and gross receipts from the MRRT. Net receipts from the MRRT are expected to be \$3.0 billion in 2012-13, \$3.5 billion in 2013-14, \$3.2 billion in 2014-15 and \$3.7 billion in 2015-16, which represent the net impact on receipts across several different heads of revenue. These include the offsetting reductions in company tax (through deductibility) and interactions with other taxes.

(d) 'Sales taxes' include wholesale sales tax which was abolished in 2000-01.

(e) Carbon pricing mechanism.

Table C3: Australian Government (accrual) revenue

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	(est) \$m	(est) \$m	(est) \$m	(proj) \$m	(proj) \$m
Individuals' and other withholding taxes													
Gross income tax withholding	90,095	98,250	103,811	107,809	114,700	117,086	119,922	130,790	143,220	151,620	164,980	175,860	186,650
Gross other individuals	21,010	24,003	25,859	26,952	31,036	32,260	27,287	30,642	33,610	37,670	40,250	44,150	47,740
/less: Refunds	12,325	13,734	15,239	17,147	19,601	23,569	24,390	24,660	25,600	26,240	26,430	28,580	30,500
Total individuals' and other withholding	98,779	108,519	114,431	117,614	126,135	125,777	122,820	136,772	151,230	163,050	178,800	191,430	203,890
Fringe benefits tax	3,642	3,476	4,084	3,754	3,796	3,581	3,523	3,348	3,540	3,900	4,390	4,760	4,960
Company tax	36,337	43,106	48,987	58,538	64,790	60,705	53,193	57,312	67,950	75,032	77,901	81,902	85,932
Superannuation funds	5,785	6,410	6,705	7,879	11,988	9,227	6,182	6,693	7,390	8,250	9,220	11,035	12,995
Resource rent taxes(a)	1,165	1,465	1,991	1,594	1,871	2,099	1,297	806	1,840	7,410	8,350	7,400	8,240
Income taxation revenue	145,709	162,974	176,198	189,378	208,579	201,389	187,016	204,931	231,950	257,642	278,661	296,527	316,017
Sales taxes													
Goods and services tax	34,121	35,975	39,118	41,208	44,381	42,626	46,553	48,093	47,790	50,486	53,234	56,056	58,730
Wine equalisation tax	705	693	657	651	661	707	748	747	730	780	830	880	930
Luxury car tax	336	302	331	365	464	384	499	489	440	450	460	480	510
Other sales taxes(b)	-38	-13	-19	60	-19	-1	0	0	0	0	0	0	0
Total sales taxes	35,122	36,957	40,086	42,284	45,486	43,716	47,800	49,329	48,960	51,716	54,524	57,416	60,170
Excise duty													
Fuel excise	13,529	14,350	14,073	14,653	15,085	15,592	15,766	16,305	16,910	17,790	17,960	18,790	19,410
Other excise	7,539	7,631	7,854	8,082	8,441	8,727	8,781	9,497	8,950	9,095	8,703	8,865	9,203
Total excise duty	21,068	21,981	21,927	22,734	23,526	24,319	24,547	25,803	25,860	26,885	26,663	27,655	28,613
Customs duty	5,622	5,548	4,988	5,644	6,070	6,276	5,748	5,828	6,940	7,370	8,570	8,695	9,115
Carbon pricing mechanism													
Other indirect taxation													
Agricultural levies	603	584	610	608	611	620	395	445	437	440	436	443	449
Other taxes	1,835	1,899	1,908	1,862	1,957	2,334	2,494	2,669	2,307	2,883	3,188	3,267	3,396
Total other indirect taxation revenue	2,438	2,483	2,518	2,470	2,567	2,954	2,889	3,115	2,744	3,323	3,625	3,711	3,845
Indirect taxation revenue	64,250	66,969	69,518	73,132	77,650	77,264	80,984	84,074	84,504	96,984	102,067	106,752	111,143
Taxation revenue	209,959	229,943	245,716	262,510	286,229	278,653	268,000	289,005	316,454	354,626	380,727	403,278	427,160

Table C3: Australian Government (accrual) revenue (continued)

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	(est) \$m	(est) \$m	(est) \$m	(proj) \$m	(proj) \$m
Interest received	1,304	1,621	2,437	3,921	5,558	5,124	4,430	5,169	4,703	5,113	5,209	5,187	5,493
Dividends and other	10,905	10,943	13,085	11,979	11,942	15,155	20,337	15,716	15,262	16,332	16,262	16,365	16,907
Non-taxation revenue	12,209	12,564	15,522	15,900	17,500	20,280	24,767	20,885	19,964	21,445	21,470	21,552	22,400
Total revenue	222,168	242,507	261,238	278,410	303,729	298,933	292,767	309,890	336,418	376,071	402,197	424,830	449,559

(a) Resource rent taxes include PRRT and gross revenue from the MRRT. Net revenue from the MRRT is expected to be \$3.0 billion in 2012-13, \$3.5 billion in 2013-14, \$3.2 billion in 2014-15 and \$3.7 billion in 2015-16, which represent the net impact on revenue across several different heads of revenue. These include the offsetting reductions in company tax (through deductibility) and interactions with other taxes.

(b) 'Other sales taxes' includes Wholesale Sales Tax.

Table C4: Major categories of (accrual) revenue as a proportion of GDP

	Income tax				Indirect taxation revenue											
	Gross ITW	Gross other ind.	Refunds	Total ind. & w/holding	Total FBT	Super funds	Companies	RRT(a)	Total income tax	Sales taxes(b)	Excise & Customs duty	Other tax	Total indirect tax	Total tax revenue	Total non-tax revenue	Total revenue
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
1999-00	12.3	2.1	1.6	12.8	0.6	0.6	3.7	0.2	17.9	2.4	2.7	0.2	5.3	23.2	2.1	25.3
2000-01	10.7	1.9	1.6	11.0	0.5	0.7	5.0	0.3	17.6	3.7	3.3	0.3	7.3	24.9	1.4	26.3
2001-02	10.6	2.3	1.4	11.4	0.5	0.6	3.6	0.2	16.3	3.7	3.3	0.3	7.3	23.6	1.6	25.2
2002-03	10.6	2.3	1.5	11.4	0.4	0.6	4.2	0.2	16.8	4.0	3.3	0.3	7.6	24.4	1.5	25.8
2003-04	10.5	2.4	1.4	11.5	0.4	0.7	4.2	0.1	17.0	4.1	3.1	0.3	7.5	24.4	1.4	25.8
2004-05	10.7	2.6	1.5	11.8	0.4	0.7	4.7	0.2	17.7	4.0	3.0	0.3	7.3	25.0	1.4	26.3
2005-06	10.4	2.6	1.5	11.5	0.4	0.7	4.9	0.2	17.7	4.0	2.7	0.3	7.0	24.7	1.6	26.3
2006-07	10.0	2.5	1.6	10.9	0.3	0.7	5.4	0.1	17.5	3.9	2.6	0.2	6.8	24.2	1.5	25.7
2007-08	9.8	2.6	1.7	10.7	0.3	1.0	5.5	0.2	17.7	3.9	2.5	0.2	6.6	24.3	1.5	25.8
2008-09	9.4	2.6	1.9	10.0	0.3	0.7	4.8	0.2	16.1	3.5	2.4	0.2	6.2	22.3	1.6	23.9
2009-10	9.3	2.1	1.9	9.5	0.3	0.5	4.1	0.1	14.5	3.7	2.3	0.2	6.3	20.7	1.9	22.6
2010-11	9.3	2.2	1.8	9.8	0.2	0.5	4.1	0.1	14.6	3.5	2.3	0.2	6.0	20.6	1.5	22.1
2011-12 est	9.7	2.3	1.7	10.2	0.2	0.5	4.6	0.1	15.7	3.3	2.2	0.2	5.7	21.4	1.4	22.8
2012-13 est	9.8	2.4	1.7	10.5	0.3	0.5	4.8	0.5	16.6	3.3	2.2	0.5	6.3	22.9	1.4	24.2
2013-14 est	10.1	2.5	1.6	10.9	0.3	0.6	4.8	0.5	17.1	3.3	2.2	0.5	6.2	23.3	1.3	24.6
2014-15 proj	10.2	2.6	1.7	11.1	0.3	0.6	4.8	0.4	17.2	3.3	2.1	0.5	6.2	23.4	1.3	24.7
2015-16 proj	10.3	2.6	1.7	11.2	0.3	0.7	4.7	0.5	17.4	3.3	2.1	0.5	6.1	23.5	1.2	24.8

(a) Resource rent taxes include PRRT and gross revenue from the MRRT. Net revenue from the MRRT is expected to be \$3.0 billion in 2012-13, \$3.5 billion in 2013-14, \$3.2 billion in 2014-15 and \$3.7 billion in 2015-16, which represent the net impact on revenue across several different heads of revenue. These include the offsetting reductions in company tax (through deductibility) and interactions with other taxes.

(b) 'Sales taxes' includes Wholesale Sales Tax prior to 2000-01, when it was abolished as part of the changes under A New Tax System.

(c) Carbon pricing mechanism.

APPENDIX D: FORECAST METHODOLOGY AND PERFORMANCE

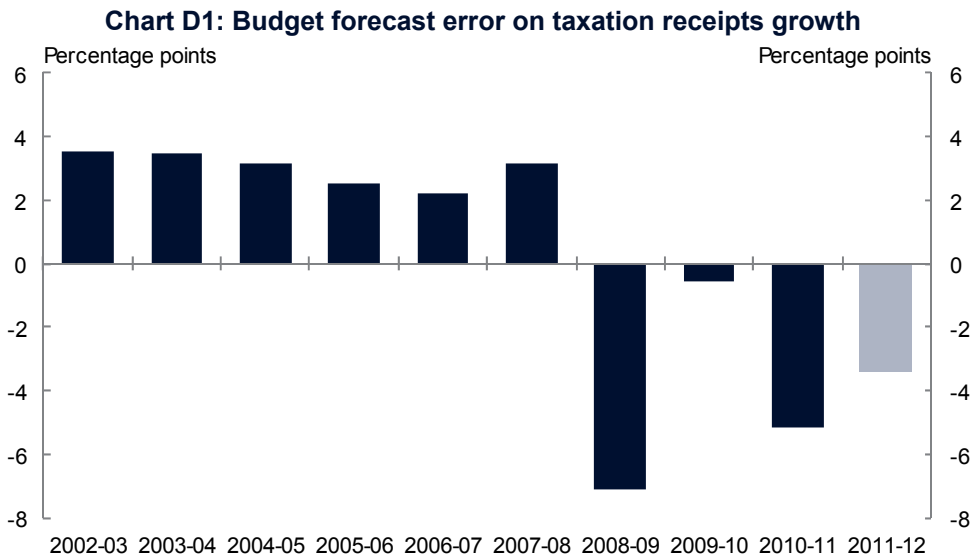
The Government's receipts estimates are prepared using a 'base plus growth' methodology. The last known outcome (2010-11 for the 2012-13 Budget) is used as the base to which estimated growth rates are applied, resulting in receipts estimates for the current and future years. The growth rates are determined from forecasts for a large range of economic data, many of which are described in Statement 2.

The smaller and relatively simple heads of revenue, such as luxury car tax and many of the excises are forecast by mapping the growth rate of an appropriate economic parameter directly to the tax growth rate in the relevant head of revenue. Most of the large and complex heads of revenue, such as personal and company income taxes are forecast by mapping appropriate economic parameter growth rates to the various income, expense and deduction items on the relevant tax returns. An estimate of total tax payable is then calculated by applying the statutory rates to the estimated income base. Timing models based on past payment behaviour assist in determining whether this tax will be paid in the year the income is earned, such as for pay as you go withholding tax, or in future years, such as for individuals' refunds.

Other information affecting receipts forecasts includes known tax collections for the current year, new policy, and calendar date timing (for example, more pay as you go withholding tax is paid on a Thursday than any other day of the week, so years with 53 Thursdays will result in more receipts than years with 52 Thursdays).

The Government's receipts forecasts, like all forecasts, are subject to a margin of error. The discernible trend between 2002-03 and 2007-08 was for receipts forecasts to under-predict outcomes (Chart D1). For example, the 2007-08 Budget forecast taxation receipts to grow by 5.0 per cent in 2007-08, compared to the outcome of 8.1 per cent, a forecast error of 3.1 percentage points. Since 2008-09, the outcome for receipts has been lower than the Budget forecast, broadly reflecting the impacts of the global financial crisis.

The receipts forecasting error may be split into three underlying sources: errors in economic forecasts that underpin the receipts forecasts; errors in translating the economy to receipts forecasts; and miscellaneous factors such as post-Budget policy decisions, court decisions regarding tax law interpretation, changes in compliance activities of the ATO, and revisions to historical economic data. Note that there may also be secondary errors relating to the timing of payments of tax – even if the forecasts were accurate, revenue may be recorded in the fiscal year before or after it was expected.



Source: Treasury estimates.

Chart D2 shows the relationship between forecast errors of the economy and tax receipts (excluding capital gains tax) over recent years, including the current estimates for 2011-12. The dotted lines depict a receipts forecasting error of plus or minus 0.5 per cent if there is zero error on the economic forecasts.

Nominal non-farm GDP was chosen as a broad indicator of the economic forecasts. The relationship in Chart D2 is only approximate as some sources of error are independent of economic conditions and the forecasts for tax receipts rely on forecasts of a range of economic variables, not just nominal non-farm GDP.

On average, economic forecasting errors will be magnified in receipts forecasting errors, due to the progressive nature of personal income tax. The lower and upper lines are based on aggregate elasticities (of receipts with respect to nominal non-farm GDP) of 1.0 and 1.5 respectively, which are consistent with theoretical models of the tax system.

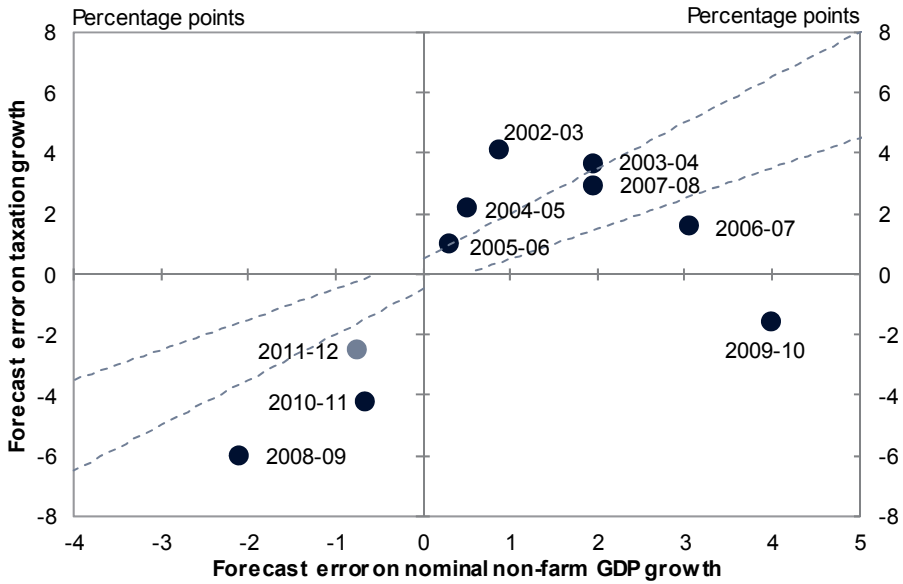
Broadly, points outside this range may represent forecasts of tax receipts growth that were either too high or too low given the economic growth forecasts. The points may also fall outside the range due to the timing of tax payments, where economic activity in one year affects tax paid in the following year. In addition, the points outside of the range in the lower left quadrant have been impacted by a larger elasticity between the economy and tax during a downturn, due to the function of automatic stabilisers in the tax system.

For example, in 2002-03, nominal non-farm GDP growth turned out to be around 1 percentage point higher than forecast, but growth in tax receipts (excluding CGT) were almost 4 percentage points higher than forecast. That is, the error in the revenue forecast was higher than the around 2 percentage points that the rule of thumb

Statement 5: Revenue

suggests should be theoretically associated with an economic forecasting error of that magnitude.

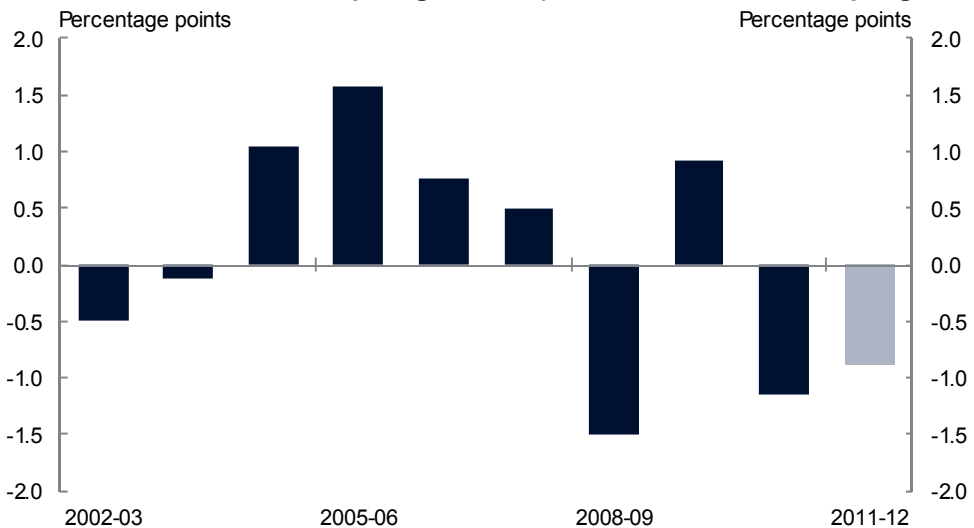
Chart D2: Budget forecast errors on nominal non-farm GDP growth and taxation receipts growth (excl. CGT)



Source: Treasury estimates.

From 2008-09, errors in tax receipts have been significantly affected by the economic downturn related to the global financial crisis, particularly with regards to capital gains tax (Chart D3).

Chart D3. Forecast error on capital gains tax (contribution to tax receipts growth)



Source: Treasury estimates.

Modest over-forecasts of nominal GDP in 2010-11 and 2011-12 translated into larger over-forecasts of tax receipts. Several factors have contributed to the forecasting errors in both 2010-11 and 2011-12, such as the ongoing weakness in the global economy, the continued strength in the Australian dollar and associated uneven domestic conditions.

The larger than expected utilisation of losses generated in 2008-09 have also contributed to recent forecasting errors.

Discussions of earlier years can be found in previous budgets.

APPENDIX E: TAXATION RECEIPTS AND REVENUE RECOGNITION

There are different methods of accounting for taxation receipts. Each method of receipts recognition results in estimates and outcomes that may be significantly different from those produced using other methods.

Accrual accounting was introduced by the Australian Government for the 1999-2000 Budget. Before then, all estimates and outcomes were reported only on a cash basis. Cash recognition still plays a role in budgeting and outcomes reporting, with both accrual and cash taxation estimates and outcomes reported in the Budget Papers. Furthermore, there are also different methods for recognising accrual receipts.

This appendix provides an explanation of the different receipts recognition methods that apply to the various taxation receipts heads.

Receipts recognition methods

Cash recognition

Under cash recognition, which is also referred to as receipts recognition, taxation receipts are accounted for at the time a taxation payment is received by the relevant authority. The receipt may be a different amount from the taxation liability and result in a subsequent amended (refund or debit) assessment. The receipt may also be received in a period different from that to which the taxation liability relates.

Cash recognition is an integral part of budget reporting as a cash flow statement must be prepared under the accrual accounting frameworks on which the budget must be based. It also provides additional information about the structure of taxation. Cash data are available over a much longer period and are therefore often used for time series analysis – accrual data are only available since 1999-2000.

Accrual receipts recognition

The Australian Accounting Standards (AAS) and Government Finance Statistics (GFS) standards for accrual accounting require that taxation receipts be recognised in the reporting period in which the underlying economic transaction occurs, such as when the taxpayer earns the income that is subsequently subject to taxation. This is referred to as the economic transactions method (ETM). However, the standards permit reporting using an alternative approach when there is an inability to reliably measure taxation receipts using ETM.

Currently, ETM has been determined not to be a reliable measure for several significant receipts heads – individuals and other withholding taxation, company income taxation and superannuation taxation. These receipts heads, which collectively

account for the majority of total receipts, are recognised using the taxation liability method (TLM) rather than ETM.

Under TLM, taxation receipts are accounted for at the time a taxpayer makes a payment or self-assessment or when an assessment of a taxation liability is raised by the relevant authority (for example, the Australian Taxation Office). This method retains some elements of cash receipts recognition – for example, receipts are recognised when cash payment occurs if it is prior to an assessment being raised.

The point of receipts recognition under ETM and TLM can sometimes be in different periods – for example, a taxation return for the 2007-08 income year lodged in October 2008, and which results in a new taxation liability or a refund, would be recognised in the 2007-08 financial year under ETM and in the 2008-09 financial year under TLM. In this case, ETM requires that outcomes for 2007-08 include an estimation of liabilities or receipts relating to activities in 2007-08 that are likely to be identified in subsequent periods. TLM outcomes do not incorporate this estimation, as only currently identified taxation liabilities are reported. Consequently, aggregate TLM receipts outcomes are usually known with relative certainty, although there can be estimation issues involved in allocating aggregate amounts between different heads of receipts.

History of accrual receipts recognition

From 1999-2000 to 2005-06, all accrual taxation receipts were recognised in budget documents on a TLM basis. From the 2006-07 Budget, ETM receipts recognition has been adopted for all receipts heads where the ETM receipts can be reliably estimated. This generally occurs where the economic activity, the identification of the liability and the receipt of the payment all occur with little or no lag and, consequently, the ETM and TLM (and cash) recognition methods produce relatively consistent results.

TLM receipts recognition continues to be used where ETM estimates are considered unreliable. At present, this is limited to individuals and other withholding taxation, company income taxation and superannuation taxation, but this will be reviewed periodically. ETM estimates and outcomes are inherently more volatile for these receipts heads, mainly because they incorporate the estimation of significant levels of liabilities likely to be identified in future periods. This additional level of estimation would increase the likelihood of differences between the receipts estimates and outcomes, with consequent impacts on the budget balances. This greater level of uncertainty would make the implementation of fiscal policy more problematic than if these receipts heads continue to be recognised using TLM.

Differences between accrual and cash taxation estimates

Table E1: Estimates of taxation revenue on an accrual and cash basis

	Estimates			Projections	
	2011-12 \$b	2012-13 \$b	2013-14 \$b	2014-15 \$b	2015-16 \$b
Taxation revenue (accrual)	316.5	354.6	380.7	403.3	427.2
Taxation receipts (cash)	309.7	343.1	371.4	392.9	415.5
Difference (accrual less cash)	6.8	11.5	9.3	10.4	11.7
<i>Memorandum items:</i>					
Net receivables	2.4	6.1	4.7	4.8	5.7
Write-offs of bad and doubtful debts	2.1	2.2	2.4	2.5	2.7
Penalty remissions	2.1	2.3	2.4	2.6	2.8
Other	0.2	0.9	-0.1	0.5	0.6
Total	6.8	11.5	9.3	10.4	11.7

Other differences between accrual and cash estimates

There are a number of other timing differences between the recognition of accrual revenue and cash receipts as well as instances where revenue has been recognised but cash payment is no longer expected to be received.

- Tax receivables arise where taxation liabilities are recognised in one period, but the taxpayer is not expected to pay the liability until a later period. In general, net receivables increase over time in line with growth in taxes.
- Penalty remissions occur where accrual taxation liabilities are recognised, but circumstances are taken into account and the Commissioner of Taxation reduces the amount of various penalties and interest required to be paid.
- A taxation liability may be written off where the previously recognised receipts are no longer expected to be received.
- A credit amendment may be issued where a taxation assessment is amended (for example, where a court decision leads to a change in the interpretation of the taxation laws).

APPENDIX F: TAX EXPENDITURES

This attachment contains an overview of the cost of tax expenditures provided to taxpayers through the tax system.

Tax expenditures provide a benefit to a specified activity or class of taxpayer. They can be delivered as a tax exemption, tax deduction, tax offset, reduced tax rate or deferral of tax liability. The Government can use tax expenditures to allocate resources to different activities or taxpayers in much the same way that it can use direct expenditure programs.

The data reported in this appendix are consistent with the data reported in the 2011 Tax Expenditures Statement published in January 2012. The data do not include the impact of decisions in this Budget on tax expenditures.

Care needs to be taken when analysing tax expenditure data: see the 2011 Tax Expenditures Statement for a detailed discussion.

Table F1 contains estimates of total tax expenditures for the period 2008-09 to 2015-16.

Table F1: Total measured tax expenditures

Year	Housing \$m	Superannuation \$m	Other tax expenditures \$m	Total \$m	Tax expenditures as a proportion of GDP (%)
2008-09 (est)	29,500	33,117	49,294	111,911	8.9
2009-10 (est)	43,500	25,413	47,509	116,422	9.0
2010-11 (est)	35,500	27,226	48,938	111,664	8.0
2011-12 (proj)	35,500	30,216	46,991	112,707	7.6
2012-13 (proj)	36,000	32,116	51,223	119,339	7.7
2013-14 (proj)	36,000	35,056	54,966	126,022	7.7
2014-15 (proj)	36,500	40,226	59,438	136,164	7.9
2015-16 (proj)	36,500	45,096	66,013	147,609	8.1

Table F2 shows estimates of large measured tax expenditures for 2011-12.

Table F2: Large measured tax expenditures in 2011-12

Tax expenditure	Estimate \$m
Large positive tax expenditures	
E6 Capital gains tax main residence exemption — discount component	20,000
E5 Capital gains tax main residence exemption	15,500
C5 Superannuation — concessional taxation of employer contributions	14,850
C6 Superannuation — concessional taxation of superannuation entity earnings	14,000
H29 GST — Food — uncooked, not prepared, not for consumption on premises of sale and some beverages	5,900
E17 Capital gains tax discount for individuals and trusts	4,700
H19 GST — Health; medical and health services	3,050
H16 GST — Education	2,900
H2 GST — Financial Supplies; input taxed treatment	2,450
A43 Exemption of Family Tax Benefit, Parts A and B, including expense equivalent	2,060
C3 Concessional taxation of non-superannuation termination benefits	1,450
B16 Exemption from interest withholding tax on certain securities	1,440
A22 Exemption of 30 per cent private health insurance rebate, including expense equivalent	1,320
H3 GST — Financial Supplies; reduced input tax credits	1,290
D14 Philanthropy — Exemption for public benevolent institutions (excluding public and not-for-profit hospitals)	1,260
D18 Application of statutory formula to value car benefits	1,220
A21 Exemption from the Medicare levy for residents with a taxable income below a threshold	1,200
F7 Concessional rate of excise levied on aviation gasoline and aviation turbine fuel	1,060
H11 GST — Imported services	1,050
B93 Statutory effective life caps	1,040
D11 Philanthropy — Exemption for public and not-for-profit hospitals and public ambulance services	1,000
A32 Senior Australians' and Pensioners' Tax Offset	960
C8 Superannuation — deduction and concessional taxation of certain personal contributions	960
A65 Philanthropy — Deduction for gifts to deductible gift recipients	910
B4 Income tax exemption for local government bodies	830
H6 GST — Water, sewerage and drainage	810
B105 Research and development — Research and Development Tax Concession	780
B95 Deduction for capital works expenditure	735
A41 Exemption of certain income support benefits, pensions or allowances	670
B108 Small business and general business tax break	660
H10 GST — Importation Threshold	640
H5 GST — Child Care Services	620
Large negative tax expenditures	
F24 Customs duty	-2,460
F11 Higher rate of excise levied on cigarettes not exceeding 0.8 grams of tobacco	-1,760
A30 Flood and cyclone reconstruction levy	-1,500