

Statement 5: Revenue

Near record levels of participation and employment, a pick-up in wages growth and sustained high commodity prices are supporting a rapid recovery in receipts following the pandemic.

Since the October Budget, tax receipts have been revised up by \$42.0 billion in 2023–24 and \$134.8 billion over the 5 years from 2022–23 to 2026–27. A majority of this upgrade is concentrated in the near term, underpinned by a strong labour market and higher commodity prices.

The strong upgrade to tax receipts is expected to moderate after 2023–24 as commodity prices are assumed to return to long-run levels and conditions in the labour market ease.

Excluding GST and policy decisions, tax receipts have been revised up \$41.2 billion in 2023–24 and \$114.2 billion over the 5 years from 2022–23 to 2026–27. The Government is returning most of the improvement in tax receipts to the budget. 87 per cent of the tax upgrades in the past 2 Budgets are being returned (82 per cent this Budget).

Elevated risks to the global outlook, volatility in commodity prices and uncertainty around the response of households to rising interest rates mean that tax receipts will remain vulnerable to the changing outlook for some time.

Policy decisions in this Budget focus on reforms to make the tax system fairer and more sustainable, policies to support small business and housing and measures to enhance tax system compliance and integrity. Policy decisions since the October Budget are expected to increase tax receipts by \$1.3 billion in 2023–24 and \$19.1 billion over the 5 years from 2022–23 to 2026–27.



Statement contents

Overview	167
Current year tax collections.....	168
Tax receipts outlook	169
Variations in receipts estimates	171
Tax receipts estimates	172
Non-tax receipts estimates	182
Variations in revenue estimates	186
Appendix A: Tax Expenditures	189

Statement 5: Revenue

Overview

Since the October Budget, tax receipts have been revised up by \$42.0 billion in 2023–24 and \$134.8 billion over the 5 years from 2022–23 to 2026–27.

Excluding GST and policy decisions, tax receipts have been revised up by \$41.2 billion in 2023–24 and \$114.2 billion over the 5 years from 2022–23 to 2026–27. The Government is returning most of the improvement in tax receipts to the budget. 87 per cent of the tax upgrades in the past 2 Budgets are being returned (82 per cent this Budget).

In the near term, the upgrade to tax receipts primarily reflects higher company tax and personal income tax, underpinned by higher commodity prices, a pick-up in wages growth, strong employment growth and high participation. However, the strong near-term upgrade to tax receipts is expected to moderate after 2023–24 as commodity prices are assumed to return to conservative long-run levels and conditions in the labour market ease.

In addition to the strong growth in personal tax receipts, the recovery in company tax receipts has more closely followed the economy overall, rather than with the substantial lag observed following previous downturns. This is particularly the case for the resources sector where sustained and elevated commodity prices have exhausted previous losses and accumulated deductions.

Risks to the outlook for nominal GDP and tax receipts remain significant. The global outlook remains uncertain and any further deterioration in global conditions could impact commodity prices and consumer and business confidence. Uncertainty remains around how household consumption will continue to react to the rise in interest rates and cost of living pressures.

Policy decisions since the October Budget are expected to increase tax receipts by \$1.3 billion in 2023–24 and \$19.1 billion over the 5 years from 2022–23 to 2026–27. For more details on policy decisions, see Budget Statement 1 and Budget Paper No. 2.

Table 5.1: Australian Government general government receipts

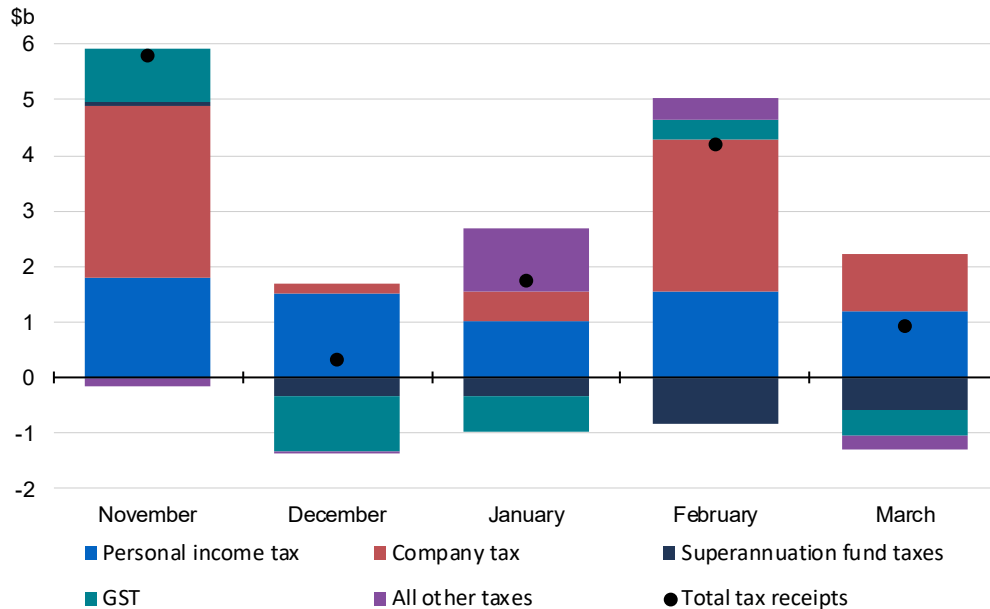
	Actual	Estimates				
	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27
	\$b	\$b	\$b	\$b	\$b	\$b
Total taxation receipts (\$b)	536.6	588.1	616.3	614.3	647.8	680.7
Growth on previous year (%)	13.2	9.6	4.8	-0.3	5.5	5.1
Per cent of GDP	23.2	23.1	23.9	23.3	23.3	23.3
Tax receipts excluding GST (\$b)	463.0	506.4	530.4	525.1	553.4	580.6
Growth on previous year (%)	15.5	9.4	4.7	-1.0	5.4	4.9
Per cent of GDP	20.1	19.9	20.6	19.9	19.9	19.9
Non-taxation receipts (\$b)	47.8	47.5	51.9	56.9	53.1	54.4
Growth on previous year (%)	3.7	-0.5	9.1	9.7	-6.7	2.4
Per cent of GDP	2.1	1.9	2.0	2.2	1.9	1.9
Total receipts (\$b)	584.4	635.6	668.1	671.2	700.9	735.1
Growth on previous year (%)	12.4	8.8	5.1	0.5	4.4	4.9
Per cent of GDP	25.3	25.0	25.9	25.4	25.2	25.2

Current year tax collections

Tax collections for 2022–23 continue to be higher-than-anticipated (Chart 5.1). Tax receipts to March 2023 are \$13.0 billion higher-than-expected at the October Budget. This strength is predominantly in company tax and personal income tax, partly offset by weakness in superannuation fund taxes and, to a lesser extent, GST.

Personal income tax collections to March were around \$7.1 billion (or 3.6 per cent) higher-than-expected at the October Budget, supported by higher employment, a pick-up in wages growth and high net capital gains and net rent from prior year returns. Company tax collections to March were around \$7.6 billion (or 8.5 per cent) higher-than-expected at the October Budget, reflecting consistently higher commodity prices and profits in the mining sector, and strong instalment payments from the non-financial sector due to higher turnover.

Superannuation fund taxes collections to March were around \$2.0 billion (or 21.5 per cent) lower-than-expected at the October Budget, reflecting lower earnings and higher-than-expected refunds.

Chart 5.1: Tax collections since 2022-23 October Budget – deviations from expected collections by month and head of revenue

Source: Treasury

Tax receipts outlook

Relative to the October Budget, tax receipts are forecast to be \$42.0 billion (or 7.3 per cent) higher in 2023–24, and \$134.8 billion (or 4.5 per cent) higher over the 5 years from 2022–23 to 2026–27. This upgrade reflects a stronger outlook for personal income tax and company tax.

Personal income taxes have been revised up by \$15.0 billion in 2023–24 and \$74.1 billion over the 5 years from 2022–23 to 2026–27. This principally reflects strength in tax withholding from salary and wages, supported by high levels of employment and a larger labour force, which is expected to continue across the forward estimates. In 2022–23 it also reflects higher than expected income from previous years increasing on-assessment payments (in particular, capital gains from the sale of properties in 2021–22) and upward revisions to the outlook for non-farm gross mixed income and property income (which includes dividend and interest income).

Company tax has been revised up by \$28.9 billion in 2023–24 and \$52.7 billion over the 5 years from 2022–23 to 2026–27. This reflects elevated commodity prices and an extension of the period over which commodity prices adjust to conservative (albeit higher) long-term levels, strength in collections and an improved outlook for non-financial companies.

Policy decisions in this Budget focus on reforms to make the tax system fairer and more sustainable, policies to support small business and housing and measures to enhance

tax system compliance and integrity. Policy decisions taken since the October Budget increase tax receipts by \$1.3 billion in 2023–24 and \$19.1 billion over the 5 years from 2022–23 to 2026–27. Key policy decisions include:

- *GST compliance program – four-year extension*
- *Tobacco Excise – measures to improve health outcomes and aligning the treatment of stick and non-stick tobacco tax*
- *Better Targeted Superannuation Concessions and Securing Australians' Superannuation Package*
- *Petroleum Resource Rent Tax – Government Response to the Review of the PRRT Gas Transfer Pricing arrangements*
- *Small Business Support – \$20,000 instant asset write-off and Small Business Support – Small Business Energy Incentive*
- *Housing (Build-To-Rent Developments) – accelerating tax deductions and reducing managed investment trust withholding tax rate*

For more details on policy decisions, see Budget Statement 1 and Budget Paper No. 2.

Variations in receipts estimates

Since the October Budget, total receipts have been revised up by \$46.7 billion in 2023–24 and \$152.6 billion over the 5 years from 2022–23 to 2026–27. Table 5.2 reconciles the 2023–24 Budget estimates of total receipts with the October Budget and 2022 PEFO.

Table 5.2: Reconciliation of Australian Government general government receipts estimates from the 2022–23 October Budget and 2022 PEFO

	Estimates					Total
	2022–23	2023–24	2024–25	2025–26	2026–27	
	\$m	\$m	\$m	\$m	\$m	\$m
Receipts at 2022 PEFO	548,533	585,189	615,184	643,900	*	*
Changes from 2022 PEFO to 2022–23 October Budget						
Effect of policy decisions	1,410	2,458	3,967	5,253	*	*
Effect of parameter and other variations	57,286	33,793	23,689	29,870	*	*
Total variations	58,696	36,252	27,656	35,123	*	*
Receipts at 2022–23 October Budget	607,229	621,441	642,840	679,023	707,875	3,258,408
Changes from 2022–23 October Budget to 2023–24 Budget						
Effect of policy decisions	125	1,757	5,378	6,413	8,382	22,055
Effect of parameter and other variations	28,239	44,944	23,020	15,486	18,862	130,551
Total variations	28,364	46,701	28,398	21,899	27,244	152,606
Receipts at 2023–24 Budget	635,593	668,142	671,238	700,922	735,118	3,411,014

* Data is not available.

Since the October Budget, parameter and other variations have increased total receipts by \$44.9 billion in 2023–24 and \$130.6 billion over the 5 years from 2022–23 to 2026–27. Policy decisions increase total receipts by \$1.8 billion in 2023–24 and \$22.1 billion over the 5 years from 2022–23 to 2026–27 compared with the October Budget.

The upgrade to the forecasts of total receipts overwhelmingly reflects upgrades to the forecasts of tax receipts.

Tax receipts estimates

Relative to the October Budget, forecasts of tax receipts have been revised up by \$42.0 billion in 2023–24 and by \$134.8 billion over the 5 years from 2022–23 to 2026–27.

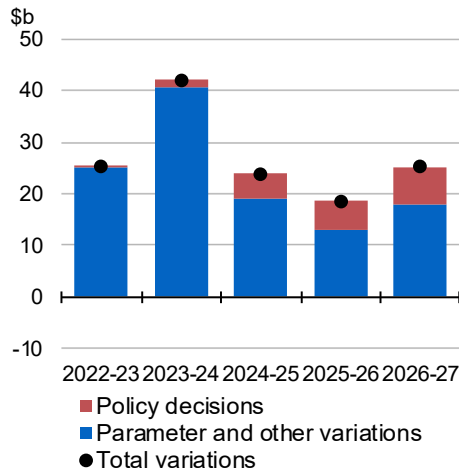
Table 5.3 reconciles the 2023–24 Budget estimates of tax receipts with the October Budget and 2022 PEFO.

Table 5.3: Reconciliation of Australian Government general government tax receipts estimates from the 2022–23 October Budget and 2022 PEFO

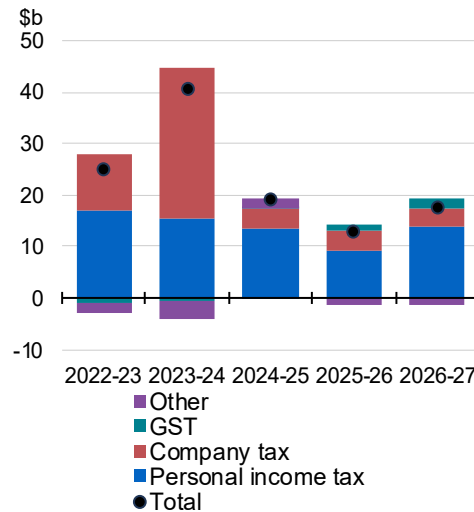
	Estimates					Total
	2022–23 \$m	2023–24 \$m	2024–25 \$m	2025–26 \$m	2026–27 \$m	
Tax receipts at 2022 PEFO	508,425	541,737	566,570	598,183	*	*
Changes from 2022 PEFO to 2022–23 October Budget						
Effect of policy decisions	488	1,654	3,124	4,282	*	*
Effect of parameter and other variations	53,945	30,901	20,758	26,870	*	*
Total variations	54,434	32,554	23,881	31,152	*	*
Tax receipts at 2022–23 October Budget	562,858	574,292	590,451	629,335	655,471	3,012,407
Changes from 2022–23 October Budget to 2023–24 Budget						
Effect of policy decisions	20	1,267	4,692	5,636	7,531	19,146
Effect of parameter and other variations	25,172	40,717	19,189	12,875	17,740	115,694
Total variations	25,192	41,984	23,881	18,511	25,272	134,840
Tax receipts at 2023–24 Budget	588,050	616,275	614,332	647,846	680,743	3,147,247

* Data is not available.

Since the October Budget, parameter and other variations are expected to increase tax receipts by \$40.7 billion in 2023–24 and \$115.7 billion over the 5 years from 2022–23 to 2026–27. Around one fifth of the increase in tax receipts reflects changes to assumptions on the path of commodity prices in response to sustained high prices, largely in 2023–24 (see Box 2.4). Policy decisions increase tax receipts by \$1.3 billion in 2023–24 and \$19.1 billion over the 5 years from 2022–23 to 2026–27 compared with the October Budget.

Chart 5.2: Revisions to total tax receipts since October Budget

Source: Treasury

Chart 5.3: Parameter and other variations to total tax receipts since October Budget

Source: Treasury

These upgrades reflect the improved outlook for the nominal economy flowing through wages and profits, supporting personal income tax and company tax. Growth in the key economic parameters that influence tax receipts is shown in Table 5.4.

Table 5.4: Key economic parameters for tax receipts^(a)

	Outcomes			Forecasts		
	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27
Revenue parameters						
Nominal gross domestic product	11.0	10 1/4	1 1/4	2 1/2	5 1/4	5 1/4
Change since October Budget		2 1/4	2 1/4	-1 3/4	1/4	
Compensation of employees(b)	5.8	9 1/2	5 1/4	4 1/4	4 3/4	5 1/2
Change since October Budget		1 1/2	1/4	0	0	
Corporate gross operating surplus(c)	12.4	13	-8 3/4	-4 1/2	5 1/4	4 1/2
Change since October Budget		5 1/4	6 1/4	-8 1/4	1/4	
Non-farm gross mixed income	-2.0	5 1/4	5	5 3/4	5 1/2	5 1/2
Change since October Budget		-1 1/2	1 1/4	1	- 1/2	
Property income(d)	10.4	24 1/2	12 1/2	5 1/2	6 1/4	5 1/4
Change since October Budget		18 1/2	7 1/2	0	1 1/4	
Consumption subject to GST	8.9	15 1/4	4 1/2	4 1/2	5	5
Change since October Budget		1/2	3/4	0	- 1/4	

a) Current prices, per cent change on previous year. Changes since October Budget are percentage points.

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

c) Corporate gross operating surplus is an Australian System of National Accounts measure of company profits, gross of depreciation.

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

Source: ABS Australian National Accounts: National Income, Expenditure and Product, and Treasury.

Changes in the outlook for individual heads of revenue are explained in more detail below.

Individuals and other withholding taxes

Since the October Budget, total individuals and other withholding tax receipts have been revised up by \$15.0 billion in 2023–24 and \$74.1 billion over the 5 years from 2022–23 to 2026–27. Year-on-year, individuals and other withholding tax receipts are expected to grow by 7.5 per cent in 2023–24 and fall by 1.9 per cent in 2024–25.

Excluding new policy decisions, individuals and other withholding tax receipts have been revised up by \$15.4 billion in 2023–24 and \$68.9 billion in the 5 years from 2022–23 to 2026–27.

Income tax withholding (tax on salary and wages) has been revised up by \$10.8 billion in 2023–24 and \$48.3 billion over the 5 years from 2022–23 to 2026–27 excluding policy decisions. This reflects strength in year-to-date collections from all withholders reflecting higher employment and a pick-up in wages growth. Strength is expected to continue over the forward estimates, in line with employment and nominal wage growth, although this is expected to moderate as conditions in the labour market ease.

Net other individuals has been revised up by \$4.6 billion in 2023–24 and \$20.6 billion over the 5 years from 2022–23 to 2026–27 excluding policy decisions. In the near-term this reflects strength in collections from the lodgement of 2021–22 income year returns, in particular strength in capital gains and net rent. The outlook for net other individuals has also been revised higher, reflecting higher non-farm gross mixed income, flowing to income from unincorporated businesses and upgraded property income growth. Growth in property income is largely being driven by higher interest income on assets (such as term deposits), in line with the increase in interest rates.

New tax policy measures announced since the October Budget are expected to decrease individuals and other withholding tax receipts by \$401.3 million in 2023–24 but increase individuals and other withholding tax receipts by \$5.2 billion over the 5 years from 2022–23 to 2026–27. This is largely driven by:

- The *GST compliance program – four-year extension* measure which is estimated to increase individuals and other withholding tax receipts by \$624.1 million in 2023–24 and \$2.9 billion over the 5 years from 2022–23 to 2026–27.
- The *Small Business Support – \$20,000 instant asset write-off* measure which is expected to have no impact in 2023–24 but to decrease individuals and other withholding tax receipts by \$200.0 million over the 5 years from 2022–23 to 2026–27.
- The measure *Small Business Support – helping small business manage their tax instalments and improving cashflow* which is expected to decrease individuals and other withholding tax receipts by \$1.0 billion in 2023–24 but have no net impact on receipts over the 5 years from 2022–23 to 2026–27.

Fringe benefits tax

Since the October Budget, fringe benefits tax receipts have been revised up by \$30.0 million in 2023–24 and \$260.0 million over the 5 years from 2022–23 to 2026–27. This reflects an improvement in the outlook for the labour market.

New tax policy measures announced since the October Budget are expected to increase fringe benefits tax receipts by \$10.0 million over the 5 years from 2022–23 to 2026–27.

Company tax

Since the October Budget, company tax receipts have been revised up to be \$28.9 billion higher in 2023–24 and \$52.7 billion higher over the 5 years from 2022–23 to 2026–27. Year-on-year, company tax receipts are expected to fall by 7.0 per cent in 2023–24 and 6.9 per cent in 2024–25 as a result of conservative assumptions for commodity export prices.

Excluding new policy decisions, company tax has been revised up by \$29.3 billion in 2023–24 and \$51.8 billion over the 5 years from 2022–23 to 2026–27. Collections in 2022–23 have continued to exceed expectations. Company tax receipts to March 2023 were \$7.6 billion higher than expected at the October Budget. This reflects higher-than-expected collections from larger companies in the non-mining, non-finance sector, as well as higher collections from the resources sector as a result of elevated commodity prices.

The significant upward revision across the forward estimates reflects continued strength in company tax instalments and an improved outlook for company profits across the broader economy. Near term strength is largely driven by increased profitability in the resources sector, reflecting elevated near-term commodity prices, and an extension in the period over which commodity prices adjust to conservative, albeit higher, long-term levels (see Box 2.4). An improved outlook for the non-mining sectors also supports strength in receipts in the near-term.

Tax paid by resource companies is expected to moderate over the forward estimates in line with the assumed decline in commodity prices as well as the appreciation of the Australian dollar since the October Budget, offsetting some of the continuing strength in the financial and non-mining, non-finance sectors.

New tax policy measures announced since the October Budget are expected to decrease company tax receipts by \$362.1 million in 2023–24 but increase company tax receipts by \$911.5 million over the 5 years from 2022–23 to 2026–27. Key decisions driving these expected changes are:

- The measure *GST compliance program – four-year extension* which is estimated to increase company tax receipts by \$151.0 million in 2023–24 and \$881.4 million over the 5 years from 2022–23 to 2026–27.
- The decision *Amending measures of the former Government* expected to increase receipts by \$50.0 million in 2023–24 and \$460.0 million over the 5 years from 2022–23 to 2026–27.

- The *Small Business Support – Small Business Energy Incentive* measure which is expected to have no impact in 2023–24 but to decrease company tax receipts by \$160.0 million over the 5 years from 2022–23 to 2026–27.

Box 5.1 Australia’s implementation of a global minimum tax and a domestic minimum tax, key elements of Pillar Two of the OECD/G20 multilateral agreement on global tax

In October 2021, Australia, along with 135 other jurisdictions of the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting joined a multilateral agreement on a Two-Pillar Solution to address the tax challenges arising from the digitalisation and globalisation of the economy.

In this Budget, the Government is making progress on its election commitment to support this agreement by implementing the key elements of Pillar Two – the global minimum tax and a domestic minimum tax for large multinational enterprises. These rules seek to address the global ‘race to the bottom’ on corporate taxes by introducing a global minimum effective tax rate of 15 per cent. This tax rate will apply on a jurisdictional basis to each multinational group with annual global revenue of at least EUR750 million (around AUD1.2 billion).

The global minimum tax and domestic minimum tax will follow OECD implementation guidelines and not apply to investment funds, pension funds, government entities, international organisations, not-for-profit organisations, and income associated with international shipping.

Where the tax paid by a large multinational in a jurisdiction does not reach the 15 per cent global minimum effective tax rate, the rules determine an amount of top-up tax (Figure 5.1). That amount is collected through either:

- The domestic minimum tax which will allow Australia to collect any top-up tax on Australian profits, where the effective rate falls below 15 per cent.
- The Income Inclusion Rule which will allow Australia to collect any top-up tax on the undertaxed profits of an Australian entity’s foreign subsidiaries located in jurisdictions where no domestic minimum tax is in place. If the Australian entity is a subsidiary of a foreign parent, Australia can only collect the top-up tax if the foreign parent’s jurisdiction has not implemented an Income Inclusion Rule.
- The Undertaxed Profits Rule which will allow Australia to collect a proportion of any top-up tax on profits of a foreign-headquartered multinational if it has income in a jurisdiction which is being taxed below the global minimum rate of 15 per cent and where no Income Inclusion Rule applies. The share of top-up tax that Australia will collect will be based on the proportion of the large multinational group’s employees and value of tangible assets in Australia relative to other countries.

continued on next page

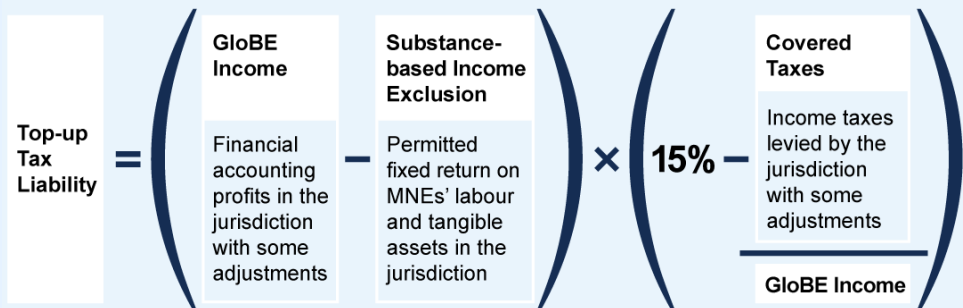
Box 5.1 Australia’s implementation of a global minimum tax and a domestic minimum tax, key elements of Pillar Two of the OECD/G20 multilateral agreement on global tax (continued)

Australia’s domestic minimum tax and Income Inclusion Rule will apply to income years commencing on or after 1 January 2024, while the Undertaxed Profits Rule will apply to income years commencing on or after 1 January 2025. The Government’s implementation of a global and domestic minimum tax is estimated to increase Australian tax receipts by \$370 million over the 5 years from 2022–23.

The revenue gain over the medium term will be dependent on the response of other jurisdictions in implementing these Rules, their own domestic minimum taxes, and behavioural responses by multinational groups.

Australia will benefit from the global implementation of these Rules and the lowering of the tax differential between Australia and other countries. Over time, this will make Australia a more attractive place to invest, boosting economic growth and tax revenue. It will also support Australian domestic businesses, by decreasing some of the tax advantages that are available to large multinationals.

Figure 5.1: Calculating an undertaxed large multinational group’s top-up tax liability on its operations in each jurisdiction



Source: OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting Pillar Two Global Anti-Base Erosion (GloBE) Model Rules; Treasury

Superannuation fund taxes

Since the October Budget, superannuation fund taxes receipts have been revised down by \$3.9 billion in 2023–24 and \$6.5 billion across the 5 years from 2022–23 to 2026–27. Receipts from superannuation fund taxes are expected to continue to be volatile. Year-on-year, tax receipts from superannuation funds are expected to fall by 63.8 per cent in 2022–23 but rise 72.3 per cent in 2023–24 and 40.5 per cent in 2024–25.

Excluding new policy decisions, superannuation fund taxes have been revised down by \$3.8 billion in 2023–24 and \$7.4 billion over the 5 years from 2022–23 to 2026–27. Superannuation fund taxes have been revised down in 2022–23 in line with weaker fund earnings and higher-than-expected refunds, that have resulted in substantial downward revisions to instalment rates for large funds. While instalment rates are expected to recover, leading to an increase in receipts in 2024–25, weakness is expected to persist due to strength in the outlook for dividends and franking credits, which reduces tax receipts. This is partly offset by higher contributions due to the strong labour market.

New tax policy measures announced since the October Budget are expected to decrease superannuation fund taxes receipts by \$66.7 million in 2023–24 but increase superannuation fund taxes receipts by \$870.3 million over the 5 years from 2022–23 to 2026–27. This is largely driven by:

- The *Securing Australians' Superannuation Package* – increasing the payment frequency of the *Superannuation Guarantee (SG)* and investing in SG compliance measure is expected to have no impact on receipts in 2023–24 but to increase superannuation fund taxes by \$1.2 billion over the 5 years from 2022–23 to 2026–27.

Petroleum resource rent tax (PRRT)

Since the October budget, PRRT receipts have been revised up by \$300.0 million in 2023–24 and \$2.0 billion over the 5 years from 2022–23 to 2026–27.

Excluding new policy decisions, PRRT receipts have been revised down by \$300.0 million in 2023–24 and \$1.3 billion over the 5 years from 2022–23 to 2026–27. The downgrade reflects a deterioration in the outlook for oil and gas prices since the October Budget. Oil prices have fallen since the October Budget and are assumed to be lower across the forward estimates.

New PRRT policy measures announced since the October Budget increase PRRT receipts by \$600.0 million in 2023–24 and \$3.2 billion over the 5 years from 2022–23 to 2026–27 and reduce company tax receipts by \$800.0 million over the five years from 2022–23 to 2026–27 for an increase in total tax receipts of \$2.4 billion over the five years from 2022–23 to 2026–27 due to the measure *Petroleum Resource Rent Tax – Government Response to the Review of the PRRT Gas Transfer Pricing arrangements* (see Box 5.2).

Box 5.2 Reforms to the Petroleum Resource Rent Tax

The 2017 Callaghan Review of the Petroleum Resource Rent Tax (PRRT) recommended that the gas transfer pricing (GTP) rules that determine the value of gas for PRRT purposes in integrated LNG projects be further examined. In 2019, the former Government asked Treasury to review the GTP rules. Treasury has completed this review and reported to Government.

Both the Callaghan and the GTP reviews noted that aspects of the PRRT are better suited to oil projects than LNG projects. LNG projects are highly capital intensive and, compared to oil projects, generally take much longer to become cash flow positive after commencing production. This impacts the PRRT collected from LNG projects, particularly where projects have very large carry-forward deductions that are uplifted for many years. To date, not a single LNG project has paid any PRRT and many are not expected to pay significant amounts of PRRT until the 2030s.

In this Budget, the Government is introducing changes to the PRRT to deliver a fairer return to the Australian community from their natural resources. The Government will introduce a cap on the use of deductions to offset assessable income of LNG producers under the PRRT. This will bring forward PRRT receipts from LNG projects and ensure a greater PRRT return to the community from the offshore LNG industry.

The cap will limit LNG projects' deductions each year to no more than 90 per cent of their assessable income, so that the PRRT will be paid on at least 10 per cent of income. The amounts that are unable to be deducted because of the cap will be carried forward and uplifted at the Government long-term bond rate. The cap will not apply to certain classes of deductible expenditure in the PRRT – closing-down expenditure, starting base expenditure and resource tax expenditure.

These changes will apply to offshore LNG projects, which export the vast majority of their gas. To minimise the impact of early payments on projects, they would not be subject to the cap until 7 years after the first year of production.

To support the operation of the cap, the Government will also make a number of changes to the GTP arrangements, including to modernise the PRRT for emerging developments in LNG project structures, better reflect the contributions and risks of the notional entities that comprise the LNG value chain, align the regulations with current transfer pricing practices and provide appropriate integrity rules for the regime.

The changes have been carefully designed to provide industry and investors policy certainty, to ensure sufficient supply of domestic gas and ensure Australia remains a reliable trade and investment partner.

Goods and services tax (GST)

Since the October Budget, GST receipts have been revised up by \$368.0 million in 2023–24 and \$6.1 billion over the 5 years from 2022–23 to 2026–27. Year-on-year, GST receipts are expected to increase by 5.2 per cent in 2023–24 and 3.9 per cent in 2024–25 in line with nominal household consumption.

Excluding new policy decisions, GST has been revised down by \$481.0 million in 2023–24 but up \$1.5 billion over the 5 years from 2022–23 to 2026–27. GST receipts have been downgraded in the near term due to weaker-than-expected collections for 2022–23, offset by upgrades to consumption subject to GST and higher population growth.

New tax policy measures announced since the October Budget are expected to increase GST receipts by \$849.0 million in 2023–24 and \$4.6 billion over the 5 years from 2022–23 to 2026–27. This is largely due to the measures:

- *GST compliance program – four-year extension* which is expected to increase GST receipts by \$809.4 million in 2023–24 and \$3.8 billion over the 5 years from 2022–23 to 2026–27.
- *Tobacco Excise – measures to improve health outcomes and aligning the treatment of stick and non-stick tobacco tax* which is expected to increase GST receipts by \$30.0 million in 2023–24 and by \$290.0 million over the 5 years from 2022–23 to 2026–27.

Excise and customs duty

Since the October Budget, total excise and customs duty receipts have been revised up by \$1.1 billion in 2023–24 and \$4.4 billion over the 5 years from 2022–23 to 2026–27. Year-on-year, excise and customs duty receipts are expected to increase by 9.2 per cent in 2023–24 and 5.4 per cent in 2024–25 in line with nominal household consumption.

Excluding new policy decisions, excise and customs duty receipts have been revised up by \$493.2 million in 2023–24 and \$820.1 million over the 5 years from 2022–23 to 2026–27. This reflects upward revisions to customs duty, alcohol excise and fuel excise.

Policy decisions are expected to increase excise and customs duty receipts by \$586.8 million in 2023–24 and \$3.5 billion over the 5 years from 2022–23 to 2026–27. This is largely driven by:

- The measure *Tobacco Excise – measures to improve health outcomes and aligning the treatment of stick and non-stick tobacco tax* which is expected to increase customs duty receipts by \$290.0 million in 2023–24 and by \$3.0 billion over the 5 years from 2022–23 to 2026–27.

The 2023–24 Budget estimates continue to include provision for the Australia European Union Free Trade Agreement, which has not been finalised. This provision is assumed to impact customs duty receipts. No other Free Trade Agreements (FTAs) that are currently under negotiation are expected to have a material impact on revenue over the forward estimates. A full list of FTAs currently under negotiation is available on the Department of Foreign Affairs and Trade website.

Other taxes

Other taxes encompass a range of sources of receipts, including visa application charges, major bank levy, luxury car tax, wine equalisation tax and agricultural levies.

Since the October Budget, visa application charges have been revised up by \$257.4 million in 2023–24 and \$1.7 billion over the 5 years from 2022–23 to 2026–27.

New tax policy measures announced since the October Budget are expected to increase other tax receipts by \$61.3 million in 2023–24 and \$837.3 million over the 5 years from 2022–23 to 2026–27. Key decisions impacting other taxes include:

- The *Migration – uplift of Visa Application Charges* measure which is expected to increase Visa Application Charges by \$100.0 million in 2023–24 and by \$665.0 million over the 5 years from 2022–23 to 2026–27.
- The measure *Increasing the Passenger Movement Charge* which is expected to have no impact on other tax receipts in 2023–24 but increase other tax receipts by \$520.0 million over the 5 years from 2022–23 to 2026–27.

Non-tax receipts estimates

Since the October Budget, non-tax receipts are expected to increase by \$4.7 billion in 2023–24 and by \$20.7 billion over the 5 years from 2022–23 to 2026–27.

Parameter and other variations account for the majority of this movement and are expected to increase non-tax receipts by \$4.2 billion in 2023–24, and by \$17.8 billion over the 5 years from 2022–23 to 2026–27. This movement is driven by higher earnings from interest on cash deposits due to the rise in short-term interest rates, higher earnings from the Future Fund and the Australian Government Investment Funds, as well as higher demand for Australian passports. In addition, non-tax receipts have been revised down by \$3.0 billion in 2026–27 to account for the difference between the medium-term projection methodology at the October Budget and the forward estimate in this Budget.

Policy decisions are expected to increase non-tax receipts by \$0.5 billion in 2023–24, and by \$2.9 billion over the 5 years from 2022–23 to 2026–27. This movement includes the expected earnings of the National Reconstruction Fund Corporation, as announced in the 2023–24 Budget measure *National Reconstruction Fund Corporation – establishment*, receipts associated with the 2023–24 Budget measure *Enduring Funding Mechanism for AusCheck*, and receipts associated with the 2023–24 Budget measure *Strengthened and Sustainably Funded Biosecurity System*.

Table 5.5: Reconciliation of 2022–23 general government (cash) receipts

	Estimates		Change from October Budget	
	October Budget \$m	Budget \$m	\$m	%
Individuals and other withholding taxes				
Gross income tax withholding	260,000	269,600	9,600	3.7
Gross other individuals	61,900	69,500	7,600	12.3
less: Refunds	41,800	42,100	300	0.7
Total individuals and other withholding tax	280,100	297,000	16,900	6.0
Fringe benefits tax	3,490	3,630	140	4.0
Company tax	127,300	138,400	11,100	8.7
Superannuation fund taxes	12,610	9,610	-3,000	-23.8
Petroleum resource rent tax	2,600	2,350	-250	-9.6
Income taxation receipts	426,100	450,990	24,890	5.8
Goods and services tax	82,532	81,761	-771	-0.9
Wine equalisation tax	1,190	1,150	-40	-3.4
Luxury car tax	1,110	1,140	30	2.7
Excise and customs duty				
Petrol	5,600	5,600	0	0.0
Diesel	13,170	13,110	-60	-0.5
Other fuel products	2,700	2,760	60	2.2
Tobacco	12,400	12,700	300	2.4
Beer	2,620	2,590	-30	-1.1
Spirits	3,480	3,390	-90	-2.6
Other alcoholic beverages(a)	1,500	1,640	140	9.3
Other customs duty				
Textiles, clothing and footwear	180	190	10	5.6
Passenger motor vehicles	420	440	20	4.8
Other imports	1,440	1,530	90	6.3
less: Refunds and drawbacks	700	700	0	0.0
Total excise and customs duty	42,810	43,250	440	1.0
Major Bank Levy	1,550	1,540	-10	-0.6
Agricultural levies	623	631	8	1.2
Visa application charges(b)	2,565	2,995	430	16.8
Other taxes(b)	4,378	4,593	215	4.9
Indirect taxation receipts	136,758	137,060	302	0.2
Taxation receipts	562,858	588,050	25,192	4.5
Sales of goods and services	18,550	19,200	650	3.5
Interest received	5,275	6,115	840	15.9
Dividends and distributions	5,677	5,407	-270	-4.8
Other non-taxation receipts	14,869	16,820	1,952	13.1
Non-taxation receipts	44,371	47,543	3,172	7.1
Total receipts	607,229	635,593	28,364	4.7
<i>Memorandum:</i>				
<i>Total excise</i>	<i>25,990</i>	<i>26,070</i>	<i>80</i>	<i>0.3</i>
<i>Total customs duty</i>	<i>16,820</i>	<i>17,180</i>	<i>360</i>	<i>2.1</i>
<i>Capital gains tax(c)</i>	<i>21,900</i>	<i>28,600</i>	<i>6,700</i>	<i>30.6</i>

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

b) Prior to the 2022–23 October Budget, 'visa application charges' were previously included in 'other taxes'.

c) 'Capital gains tax' is part of gross other individuals, company tax and superannuation fund taxes.

Table 5.6: Reconciliation of 2023–24 general government (cash) receipts

	Estimates		Change from October Budget	
	October Budget \$m	Budget \$m	\$m	%
Individuals and other withholding taxes				
Gross income tax withholding	275,500	286,700	11,200	4.1
Gross other individuals	64,900	69,700	4,800	7.4
less: Refunds	36,000	37,000	1,000	2.8
Total individuals and other withholding tax	304,400	319,400	15,000	4.9
Fringe benefits tax	3,510	3,540	30	0.9
Company tax	99,800	128,700	28,900	29.0
Superannuation fund taxes	20,460	16,560	-3,900	-19.1
Petroleum resource rent tax	2,450	2,750	300	12.2
Income taxation receipts	430,620	470,950	40,330	9.4
Goods and services tax	85,641	86,009	368	0.4
Wine equalisation tax	1,190	1,140	-50	-4.2
Luxury car tax	870	870	0	0.0
Excise and customs duty				
Petrol	6,850	7,350	500	7.3
Diesel	15,620	15,830	210	1.3
Other fuel products	2,120	2,080	-40	-1.9
Tobacco	12,600	12,900	300	2.4
Beer	2,680	2,640	-40	-1.5
Spirits	3,480	3,540	60	1.7
Other alcoholic beverages(a)	1,620	1,680	60	3.7
Other customs duty				
Textiles, clothing and footwear	150	170	20	13.3
Passenger motor vehicles	380	430	50	13.2
Other imports	1,350	1,310	-40	-3.0
less: Refunds and drawbacks	700	700	0	0.0
Total excise and customs duty	46,150	47,230	1,080	2.3
Major Bank Levy	1,600	1,620	20	1.3
Agricultural levies	591	586	-5	-0.9
Visa application charges(b)	2,867	3,125	257	9.0
Other taxes(b)	4,762	4,745	-17	-0.3
Indirect taxation receipts	143,672	145,325	1,654	1.2
Taxation receipts	574,292	616,275	41,984	7.3
Sales of goods and services	19,594	20,792	1,199	6.1
Interest received	5,805	7,654	1,848	31.8
Dividends and distributions	6,150	6,889	738	12.0
Other non-taxation receipts	15,600	16,532	932	6.0
Non-taxation receipts	47,149	51,867	4,717	10.0
Total receipts	621,441	668,142	46,701	7.5
<i>Memorandum:</i>				
<i>Total excise</i>	<i>31,780</i>	<i>30,010</i>	<i>-1,770</i>	<i>-5.6</i>
<i>Total customs duty</i>	<i>14,370</i>	<i>17,220</i>	<i>2,850</i>	<i>19.8</i>
<i>Capital gains tax(c)</i>	<i>21,300</i>	<i>23,200</i>	<i>1,900</i>	<i>8.9</i>

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

b) Prior to the 2022–23 October Budget, 'visa application charges' were previously included in 'other taxes'.

c) 'Capital gains tax' is part of gross other individuals, company tax and superannuation fund taxes.

Table 5.7: Australian Government general government (cash) receipts

	Actual	Estimates				
	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27
	\$m	\$m	\$m	\$m	\$m	\$m
Individuals and other withholding taxes						
Gross income tax withholding	239,669	269,600	286,700	280,800	295,200	315,200
Gross other individuals	57,432	69,500	69,700	70,100	71,600	76,500
less: Refunds	38,048	42,100	37,000	37,700	36,100	36,200
Total individuals and other withholding tax	259,052	297,000	319,400	313,200	330,700	355,500
Fringe benefits tax	3,331	3,630	3,540	3,550	3,460	3,480
Company tax	123,308	138,400	128,700	119,800	130,200	128,600
Superannuation fund taxes	26,546	9,610	16,560	23,260	23,060	25,310
Petroleum resource rent tax	1,638	2,350	2,750	2,700	2,850	2,500
Income taxation receipts	413,876	450,990	470,950	462,510	490,270	515,390
Goods and services tax	73,498	81,761	86,009	89,330	94,559	100,305
Wine equalisation tax	1,100	1,150	1,140	1,190	1,230	1,270
Luxury car tax	960	1,140	870	840	870	910
Excise and customs duty						
Petrol	5,015	5,600	7,350	7,750	7,500	7,750
Diesel	11,744	13,110	15,830	16,720	17,380	18,180
Other fuel products	1,521	2,760	2,080	2,150	2,160	2,220
Tobacco	12,604	12,700	12,900	13,450	14,200	14,650
Beer	2,461	2,590	2,640	2,840	2,900	3,000
Spirits	3,213	3,390	3,540	3,810	3,900	4,020
Other alcoholic beverages(a)	1,456	1,640	1,680	1,810	1,840	1,900
Other customs duty						
Textiles, clothing and footwear	192	190	170	170	130	170
Passenger motor vehicles	361	440	430	440	210	180
Other imports	1,378	1,530	1,310	1,330	650	690
less: Refunds and drawbacks	818	700	700	700	700	700
Total excise and customs duty	39,126	43,250	47,230	49,770	50,170	52,060
Major Bank Levy	1,454	1,540	1,620	1,650	1,710	1,800
Agricultural levies	626	631	586	593	613	614
Visa application charges(b)	1,982	2,995	3,125	3,319	3,460	3,574
Other taxes(b)	3,964	4,593	4,745	5,130	4,964	4,820
Indirect taxation receipts	122,710	137,060	145,325	151,822	157,576	165,353
Taxation receipts	536,586	588,050	616,275	614,332	647,846	680,743
Sales of goods and services	17,725	19,200	20,792	21,845	22,342	23,348
Interest received	2,446	6,115	7,654	7,168	6,930	7,160
Dividends and distributions	11,564	5,407	6,889	7,288	7,667	8,083
Other non-taxation receipts	16,036	16,820	16,532	20,604	16,136	15,784
Non-taxation receipts	47,772	47,543	51,867	56,905	53,076	54,375
Total receipts	584,358	635,593	668,142	671,238	700,922	735,118
<i>Memorandum:</i>						
Total excise	22,539	26,070	30,010	34,480	35,040	36,410
Total customs duty	16,588	17,180	17,220	15,290	15,130	15,650
Capital gains tax(c)	25,400	28,600	23,200	20,300	20,100	20,900

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

b) Prior to the 2022–23 October Budget, 'visa application charges' were previously included in 'other taxes'.

c) 'Capital gains tax' is part of gross other individuals, company tax and superannuation fund taxes.

Variations in revenue estimates

The revenue estimates are the accrual accounting equivalent of the cash-based receipts estimates. Changes in revenue are generally driven by the same factors as receipts.

Revenues are usually higher than the cash equivalents because the amounts are generally recognised when they are owed rather than when they are paid. The differences between the accrual and cash amounts therefore generally reflect payment timing differences.

Table 5.8 provides a reconciliation of the 2023–24 Budget revenue estimates with those at the October Budget and 2022 PEFO.

Table 5.8: Reconciliation of Australian Government general government revenue estimates from the 2022–23 October Budget and 2022 PEFO

	Estimates					Total
	2022–23	2023–24	2024–25	2025–26	2026–27	
	\$m	\$m	\$m	\$m	\$m	\$m
Revenue at 2022 PEFO	561,848	595,641	621,687	655,232	*	*
Changes from 2022 PEFO to 2022–23 October Budget						
Effect of policy decisions(a)	1,766	3,156	4,364	6,065	*	*
Effect of parameter and other variations	61,403	34,642	23,040	29,707	*	*
Total variations	63,168	37,798	27,403	35,772	*	*
Revenue at 2022–23 October Budget	625,016	633,439	649,091	691,004	*	*
Changes from 2022–23 October Budget to 2023–24 Budget						
Effect of policy decisions(a)	141	1,525	4,722	5,890	7,619	19,897
Effect of parameter and other variations	28,609	45,408	23,520	16,844	*	*
Total variations	28,750	46,933	28,242	22,734	*	*
Revenue at 2023–24 Budget	653,767	680,372	677,333	713,738	748,237	3,473,446

* Data is not available.

a) Excludes secondary impacts on public debt interest of policy decisions and offsets from the Contingency Reserve for decisions taken.

Since the October Budget, total revenue has been revised up by \$46.9 billion in 2023–24 and by \$156.7 billion over the 5 years from 2022–23 to 2026–27.

The changes in the individual heads of revenue accrual estimates relative to the October Budget are shown in Tables 5.9 and 5.10, for 2022–23 and 2023–24, respectively. For the 5-year accrual table, the accrual equivalent of Table 5.7, see Budget Statement 10, Note 3.

Additional revenue and receipts historical tables are available online and can be accessed at www.budget.gov.au.

Table 5.9: Reconciliation of 2022–23 general government (accrual) revenue

	Estimates		Change from October Budget	
	October Budget \$m	Budget \$m	\$m	%
Individuals and other withholding taxes				
Gross income tax withholding	262,800	272,300	9,500	3.6
Gross other individuals	65,600	73,000	7,400	11.3
less: Refunds	41,800	42,100	300	0.7
Total individuals and other withholding tax	286,600	303,200	16,600	5.8
Fringe benefits tax	3,440	3,510	70	2.0
Company tax	129,900	140,800	10,900	8.4
Superannuation fund taxes	12,670	9,670	-3,000	-23.7
Petroleum resource rent tax	2,790	2,230	-560	-20.1
Income taxation revenue	435,400	459,410	24,010	5.5
Goods and services tax	86,820	88,040	1,220	1.4
Wine equalisation tax	1,210	1,170	-40	-3.3
Luxury car tax	1,120	1,150	30	2.7
Excise and customs duty				
Petrol	5,600	5,600	0	0.0
Diesel	13,220	13,160	-60	-0.5
Other fuel products	2,700	2,760	60	2.2
Tobacco	12,400	12,700	300	2.4
Beer	2,650	2,620	-30	-1.1
Spirits	3,480	3,390	-90	-2.6
Other alcoholic beverages(a)	1,500	1,640	140	9.3
Other customs duty				
Textiles, clothing and footwear	180	190	10	5.6
Passenger motor vehicles	420	440	20	4.8
Other imports	1,440	1,530	90	6.3
less: Refunds and drawbacks	700	700	0	0.0
Total excise and customs duty	42,890	43,330	440	1.0
Major bank levy	1,570	1,560	-10	-0.6
Agricultural levies	623	631	8	1.2
Visa application charges(b)	2,565	2,995	430	16.8
Other taxes(b)	5,670	5,883	213	3.8
Indirect taxation revenue	142,468	144,759	2,291	1.6
Taxation revenue	577,868	604,169	26,301	4.6
Sales of goods and services	18,371	19,078	707	3.9
Interest	8,192	9,053	861	10.5
Dividends and distributions	5,695	5,361	-334	-5.9
Other non-taxation revenue	14,891	16,105	1,215	8.2
Non-taxation revenue	47,149	49,598	2,449	5.2
Total revenue	625,016	653,767	28,750	4.6
<i>Memorandum:</i>				
<i>Total excise</i>	<i>26,070</i>	<i>26,150</i>	<i>80</i>	<i>0.3</i>
<i>Total customs duty</i>	<i>16,820</i>	<i>17,180</i>	<i>360</i>	<i>2.1</i>
<i>Capital gains tax(c)</i>	<i>21,900</i>	<i>28,600</i>	<i>6,700</i>	<i>30.6</i>

- a) 'Other alcoholic beverages' are those not exceeding 10 per cent by volume of alcohol (excluding beer, brandy and wine).
- b) Prior to the 2022–23 October Budget, 'visa application charges' were previously included in 'other taxes'.
- c) 'Capital gains tax' is part of gross other individuals, company tax and superannuation fund taxes.

Table 5.10: Reconciliation of 2023–24 general government (accrual) revenue

	Estimates		Change from October Budget	
	October Budget \$m	Budget \$m	\$m	%
Individuals and other withholding taxes				
Gross income tax withholding	278,600	289,300	10,700	3.8
Gross other individuals	68,900	73,600	4,700	6.8
less: Refunds	36,000	37,000	1,000	2.8
Total individuals and other withholding tax	311,500	325,900	14,400	4.6
Fringe benefits tax	3,460	3,500	40	1.2
Company tax	101,700	131,100	29,400	28.9
Superannuation fund taxes	20,520	16,620	-3,900	-19.0
Petroleum resource rent tax	2,430	2,770	340	14.0
Income taxation revenue	439,610	479,890	40,280	9.2
Goods and services tax	88,630	89,080	450	0.5
Wine equalisation tax	1,210	1,160	-50	-4.1
Luxury car tax	860	860	0	0.0
Excise and customs duty				
Petrol	6,850	7,350	500	7.3
Diesel	15,670	15,880	210	1.3
Other fuel products	2,140	2,100	-40	-1.9
Tobacco	12,600	12,900	300	2.4
Beer	2,700	2,670	-30	-1.1
Spirits	3,510	3,570	60	1.7
Other alcoholic beverages(a)	1,620	1,680	60	3.7
Other customs duty				
Textiles, clothing and footwear	150	170	20	13.3
Passenger motor vehicles	380	430	50	13.2
Other imports	1,350	1,310	-40	-3.0
less: Refunds and drawbacks	700	700	0	0.0
Total excise and customs duty	46,270	47,360	1,090	2.4
Major bank levy	1,620	1,640	20	1.2
Agricultural levies	591	586	-5	-0.9
Visa application charges(b)	2,867	3,125	257	9.0
Other taxes(b)	6,011	6,028	16	0.3
Indirect taxation revenue	148,060	149,839	1,778	1.2
Taxation revenue	587,670	629,729	42,058	7.2
Sales of goods and services	19,596	20,811	1,215	6.2
Interest	7,476	9,426	1,950	26.1
Dividends and distributions	6,169	6,913	744	12.1
Other non-taxation revenue	12,528	13,494	965	7.7
Non-taxation revenue	45,769	50,643	4,874	10.6
Total revenue	633,439	680,372	46,933	7.4
<i>Memorandum:</i>				
Total excise	31,850	30,090	-1,760	-5.5
Total customs duty	14,420	17,270	2,850	19.8
Capital gains tax(c)	21,300	23,200	1,900	8.9

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

b) Prior to the 2022–23 October Budget, 'visa application charges' were previously included in 'other taxes'.

c) 'Capital gains tax' is part of gross other individuals, company tax and superannuation fund taxes.

Appendix A: Tax Expenditures

This appendix contains an overview of Australian Government tax expenditures. Section 12 of the *Charter of Budget Honesty Act 1998* (CBHA) requires the publication of an overview of estimated tax expenditures.

The Government published an enhanced Tax Expenditures and Insights Statement (TEIS) on 28 February 2023. The TEIS provides an estimate of the revenue forgone from tax expenditures, along with distributional analysis on large tax expenditures and commonly utilised features of the tax system.

Tax benchmarks represent a standard tax treatment that applies to similar taxpayers or types of activities. Policy approaches can apply a tax treatment different from a standard approach, which can give rise to positive or negative tax expenditures. The choice of benchmark unavoidably involves judgment and may therefore be contentious in some cases.

Consistent with most OECD countries, estimates of tax expenditures reflect the extent to which a variation is utilised, similar to Budget estimates of outlays on demand-driven expenditure programs. This is known as the ‘revenue forgone’ approach which, in practice, involves estimating the difference in revenue between the actual and benchmark tax treatments but, importantly, assuming taxpayer behaviour is the same in each circumstance. Revenue forgone estimates therefore do not indicate the revenue gain to the Budget if a specific tax expenditure was abolished through policy change, as there may be significant changes in taxpayer behaviour.

Care needs to be taken when comparing tax expenditures with direct expenditures as they may measure different things. In addition, estimates from different editions of previously released Statements are generally not directly comparable, because of changes or modifications to – for example – benchmarks, individual tax expenditures, data used or modelling methodology.

The information in Table A.1 is derived from the 2022–23 TEIS, based on economic parameters as at the publication of the 2022–23 October Budget. It does not include the impact of policy decisions, or changes in the economic outlook since then on tax expenditures. The TEIS is not a statement of policy intent. The information and analysis presented in the TEIS and Table A.1 is intended to increase transparency about the impacts of tax expenditures and other features of the tax system.

Table A.1: Estimates of large measured tax expenditures

Tax type affected	Code	Title	Revenue forgone 2022-23* (\$m)	Average growth – 2018-19 to 2021-22 (%)	Average growth over FEs (%)
Positive tax expenditures and deductions					
CGT	E8	Main residence exemption – discount component	26,000	15.1	-8.9
Deductions		Rental deductions	24,400	-2.5	9.4
CGT	E15	Discount for individuals and trusts	23,690	16.3	-11.9
Super	C2	Concessional taxation of employer superannuation contributions	23,300	6.6	3.2
CGT	E7	Main residence exemption	22,000	14.5	-8.4
Super	C4	Concessional taxation of superannuation entity earnings	21,500	-0.9	1.5
Deductions		Work related expenses	9,900	4.4	3.4
GST	H26	Food	8,400	3.5	3.8
Income	A25	Exemption for National Disability Insurance Scheme amounts	8,080	58.7	19.2
Income	B69	Accelerated depreciation for business entities	7,800	N/A	N/A
GST	H14	Education	5,850	6.5	4.6
GST	H17	Health – medical and health services	5,000	2.3	7.0
Income	B85	Simplified depreciation rules	4,800	117.5	N/A
GST	H2	Financial supplies – input taxed treatment	4,650	-1.7	7.5
Income	B59	Lower company tax rate	3,600	52.5	-1.3
Income	A26	Exemption of Child Care Assistance payments	2,900	8.2	8.9
Income	B11	Exemption from interest withholding tax on certain securities	2,520	-5.4	0.5
FBT	D15	Exemption for public benevolent institutions (excluding hospitals)	2,450	6.7	3.2
Super	C6	Deductibility of life and total and permanent disability insurance premiums provided inside of superannuation	2,380	-3.2	4.3
Income	A19	Medicare levy exemption for residents with taxable income below the low-income thresholds	2,050	1.7	1.2
FBT	D11	Exemption for public and not-for-profit hospitals and public ambulance services	2,000	3.9	2.0
Income	A38	Exemption of Family Tax Benefit payments	1,790	-4.9	6.0
Income	B1	Local government bodies income tax exemption	1,770	1.8	1.1
GST	H5	Child care services	1,710	6.6	8.0
GST	H18	Health – residential care, community care and other care services	1,600	5.7	6.9
Deductions		Cost of managing tax affairs and other deductions	1,600	2.3	3.2

* For deductions, revenue forgone refers to the reduction in tax in relation to the specified income year due to the utilisation of deductions.

Table A.1: Estimates of large measured tax expenditures (continued)

Tax type affected	Code	Title	Revenue forgone 2022-23* (\$m)	Average growth – 2018-19 to 2021-22 (%)	Average growth over FEs (%)
Super	C3	Concessional taxation of personal superannuation contributions	1,550	25.0	-8.3
Income	A23	Concessional taxation of non-superannuation termination benefits	1,550	-9.1	N/A
Income	A17	Exemption of the Private Health Insurance Rebate	1,500	-2.8	1.5
Income	B23	Temporary loss carry-back for certain incorporated entities	1,480	N/A	N/A
Income	A56	Philanthropy – deduction for gifts to deductible gift recipients	1,405	2.6	-1.0
Super	C1	Concessional taxation of capital gains for superannuation funds	1,350	18.9	-8.8
Income	B80	Capital works expenditure deduction	1,270	1.3	-1.4
Income	A37	Exemption of certain income support benefits, pensions or allowances	1,260	6.5	0.0
Other	F6	Concessional rate of excise levied on aviation gasoline and aviation turbine fuel	1,190	-10.2	7.9
GST	H3	Financial supplies – reduced input tax credits	1,150	0.0	6.8
GST	H6	Water, sewerage and drainage	1,130	1.5	2.4
Income	B12	Exemption of inbound non-portfolio dividends from income tax	1,010	18.4	0.8
Negative tax expenditures					
Other	F21	Customs duty	-2,070	-0.5	-14.9
Other	F4	Luxury car tax	-1,120	11.9	-0.9

*For deductions, revenue forgone refers to the reduction in tax in relation to the specified income year due to the utilisation of deductions.