

STATEMENT 4: REVENUE

The 2016-17 Budget forecasts for tax receipts, excluding new policy, have been revised down since the 2015-16 MYEFO by \$4.6 billion in 2016-17 and \$13.5 billion over the four years to 2018-19. Excluding GST, tax receipts are forecast to be \$4.6 billion lower in 2016-17 and \$14.2 billion lower over the four years to 2018-19.

Since the 2015-16 MYEFO, forecasts for total wages and non-mining profits have been revised down, partly offset by higher forecasts for mining profits owing to recent strength in commodity prices. As a result, the forecast for nominal GDP has been revised down by \$27.5 billion over the four years to 2018-19. These revisions, the compositional change to nominal GDP and weaker tax collections in the current year have combined to weaken the outlook for tax receipts.

Weaker forecast total wages contribute to lower forecasts for taxes from individuals of \$12 billion over the four years to 2018-19, excluding new policy. In addition, forecast superannuation fund tax, excluding new policy, has been revised down by \$5.5 billion. These downward revisions have been partly offset by upward revisions to forecast indirect taxes.

The Government's *ten year enterprise tax plan* will deliver benefits for Australians by encouraging greater investment and higher wages, while the tax integrity package will increase tax receipts by \$2.4 billion over the forward estimates. Superannuation reforms that better target superannuation concessions will also contribute \$3.1 billion to tax receipts over the forward estimates.

In 2016-17, tax receipts as a share of GDP are expected to be 22.2 per cent, lower than the 2015-16 MYEFO estimate of 22.5 per cent.

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OVERVIEW

Since the 2015-16 MYEFO, expected tax receipts, including new policy, have been revised down by around \$6.4 billion in 2016-17 and \$14.7 billion over the four years to 2018-19. Excluding GST, tax receipts have been revised down by around \$6.3 billion in 2016-17 and \$15.7 billion over the four years to 2018-19. As GST is paid to the States, tax receipts excluding GST represent the tax receipts available to the Australian Government.

Including new policy, tax receipts are forecast to grow by 3.1 per cent in 2015-16 and 5.0 per cent in 2016-17 (Table 1). Total tax receipts as a share of GDP are expected to increase from 22.2 per cent in 2016-17 to 23.5 per cent by 2019-20, an increase of 1.3 percentage points. The 2016-17 tax-to-GDP ratio is forecast to be lower than at the 2015-16 Budget, and lower for each year of the forward estimates. Excluding GST, the tax-to-GDP ratio is expected to increase by 1.3 percentage points from 2016-17 to 2019-20.

Table 1: Australian Government general government receipts

	Actual	Estimates			Projections	
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Total taxation receipts (\$b)	353.5	364.5	382.8	410.2	438.8	468.3
Growth on previous year (%)	4.0	3.1	5.0	7.2	7.0	6.7
Per cent of GDP	22.0	22.1	22.2	22.7	23.1	23.5
Tax receipts excluding GST (\$b)	299.2	307.1	322.1	346.2	371.5	397.9
Growth on previous year (%)	3.6	2.6	4.9	7.5	7.3	7.1
Per cent of GDP	18.6	18.6	18.7	19.2	19.6	20.0
Non-taxation receipts (\$b)	24.8	23.5	28.5	27.2	31.1	32.5
Growth on previous year (%)	21.8	-5.2	21.2	-4.5	14.3	4.4
Per cent of GDP	1.5	1.4	1.7	1.5	1.6	1.6
Total receipts (\$b)	378.3	388.0	411.3	437.4	469.9	500.7
Growth on previous year (%)	5.0	2.6	6.0	6.3	7.4	6.6
Per cent of GDP	23.5	23.5	23.9	24.2	24.8	25.1

TAX OUTLOOK

Table 2 reconciles the 2016-17 Budget estimates of tax receipts with the 2015-16 Budget and the 2015-16 MYEFO estimates. Since the 2015-16 MYEFO, tax receipts, including new policy, have been revised down by \$3.7 billion in 2015-16, \$6.4 billion in 2016-17 and \$14.7 billion over the four years to 2018-19.

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Table 2: Reconciliation of Australian Government general government taxation receipts estimates from the 2015-16 Budget

	Estimates			Projections	Total
	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m	
Tax receipts at 2015-16 Budget	370,140	396,422	422,762	452,469	1,641,793
Changes from 2015-16 Budget to 2015-16 MYEFO					
Effect of policy decisions	-1,009	-1,341	-1,290	-1,180	-4,821
Effect of parameter and other variations	-901	-5,955	-8,300	-10,879	-26,035
Total variations	-1,911	-7,296	-9,590	-12,059	-30,856
Tax receipts at 2015-16 MYEFO	368,230	389,125	413,172	440,410	1,610,937
Changes from 2015-16 MYEFO to 2016-17 Budget					
Effect of policy decisions	0	-1,708	113	371	-1,224
Effect of parameter and other variations	-3,723	-4,648	-3,121	-1,961	-13,452
Total variations	-3,723	-6,356	-3,007	-1,590	-14,675
Tax receipts at 2016-17 Budget	364,507	382,769	410,165	438,821	1,596,261

Since the 2015-16 MYEFO, forecast tax receipts, excluding new policy, are lower by \$4.6 billion in 2016-17 and \$13.5 billion over the four years to 2018-19. This represents a 0.8 per cent reduction in tax receipts over the four years to 2018-19, which is a small revision by historical standards.

The largest contribution to the lower expected tax receipts is from gross income tax withholding, consistent with weaker-than-expected total wages. Wage growth has been low by historical standards and is forecast to be lower in 2015-16 and 2016-17 than at the 2015-16 MYEFO. The recent recovery in some key commodity export prices – particularly iron ore – has led to higher expected mining profits since the 2015-16 MYEFO. However, this has been partly offset by a weaker outlook for non-mining business profits, consistent with weaker domestic prices and activity compared to the 2015-16 MYEFO. For more details on the economic outlook, see Budget Statement 2.

The downgrade to total wages has contributed to individuals tax being reduced by \$12 billion over the four years to 2018-19. In addition, superannuation fund tax has been revised down by \$5.5 billion over the four years to 2018-19, primarily as a result of weaker-than-expected collections in 2015-16. These revisions have been partly offset by increased indirect taxes of \$4.1 billion over the four years to 2018-19. The revision to forecast total tax receipts is affected by the shift in composition of the economic forecasts away from wages to mining gross profits.

The Government's *ten year enterprise tax plan* will deliver benefits for Australians by encouraging greater investment and higher wages. Over the forward estimates, the *ten year enterprise tax plan* decreases tax receipts by \$9.2 billion. The tax integrity package encompasses measures to reinforce the corporate tax base, and will increase tax receipts by \$2.4 billion over the forward estimates. Superannuation reforms that better

target superannuation concessions will contribute \$3.1 billion to tax receipts over the forward estimates. Excluding the tax integrity measures, the Government is reducing the tax burden by around \$1.9 billion over the forward estimates. More information is available in Budget Statement 1 and in Budget Paper 2.

The 2015-16 MYEFO made provisions for the Trans-Pacific Partnership Agreement and the Environmental Goods Agreement, which were still subject to finalisation at the time. The provision for the Trans-Pacific Partnership Agreement has been removed as it is included as a measure in the 2016-17 Budget. As is standard practice, the Environmental Goods Agreement, which removes tariffs on environmental goods such as solar panels and wind turbines, will be published as a measure once the agreement has been formally signed.

VARIATIONS IN RECEIPTS ESTIMATES

Table 3 reconciles the 2016-17 Budget estimates of total receipts, which include non-tax receipts, with the 2015-16 Budget and the 2015-16 MYEFO estimates. These differences reflect the impact of parameter and other variations and the impact of policy decisions.

Table 3: Reconciliation of Australian Government general government receipts estimates from the 2015-16 Budget^(a)

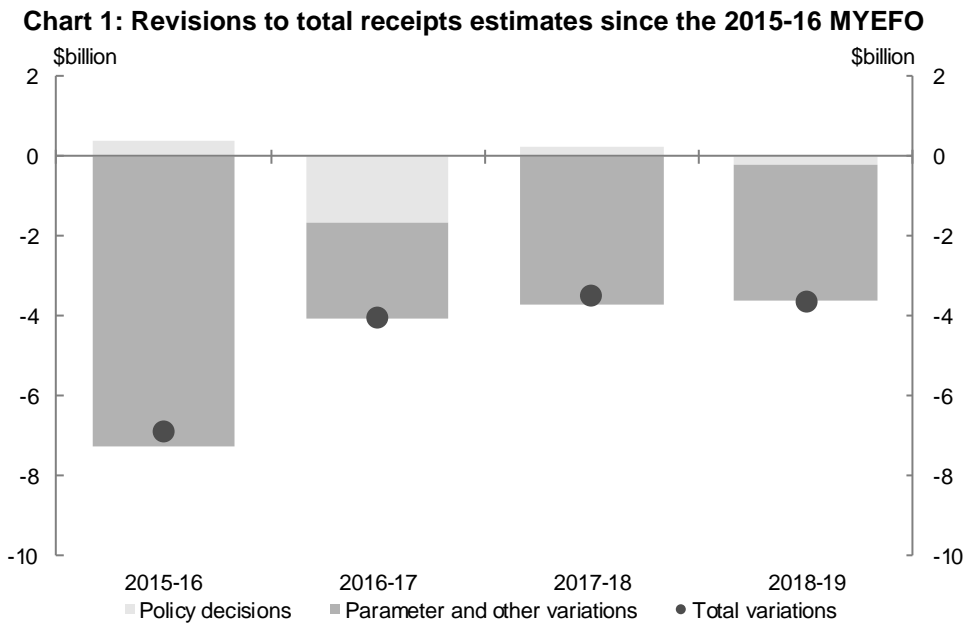
	Estimates			Projections	Total
	2015-16	2016-17	2017-18	2018-19	
	\$m	\$m	\$m	\$m	\$m
Receipts at 2015-16 Budget	397,980	422,461	453,595	488,233	1,762,269
Changes from 2015-16 Budget to 2015-16 MYEFO					
Effect of policy decisions	-1,345	-917	-907	-668	-3,837
Effect of parameter and other variations	-1,744	-6,216	-11,805	-14,034	-33,800
Total variations	-3,089	-7,134	-12,712	-14,702	-37,637
Receipts at 2015-16 MYEFO	394,891	415,327	440,883	473,531	1,724,632
Changes from 2015-16 MYEFO to 2016-17 Budget					
Effect of policy decisions	417	-1,670	225	-209	-1,238
Effect of parameter and other variations	-7,280	-2,373	-3,723	-3,401	-16,777
Total variations	-6,863	-4,043	-3,497	-3,611	-18,015
Receipts at 2016-17 Budget	388,027	411,284	437,385	469,921	1,706,617

(a) Includes expected Future Fund earnings.

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Since the 2015-16 MYEFO, total receipts have been revised down by around \$18.0 billion in the four years to 2018-19, reflecting a downward revision of \$16.8 billion from parameter and other variations, and a decrease of \$1.2 billion from policy decisions. Excluding GST, total receipts have been revised down \$4.0 billion in 2016-17 and \$19.1 billion over the four years to 2018-19.

Chart 1 shows the revisions to estimates for total receipts since the 2015-16 MYEFO over the four years to 2018-19. The revisions are broken down by revisions owing to policy decisions and revisions owing to parameter and other variations.



Source: Treasury.

Variations in receipts can stem from either policy changes or parameter and other variations such as recent economic conditions, the updated economic outlook, year-to-date tax collections and other non-policy factors. Key economic parameters that influence receipts are shown in Table 4. Analysis of the sensitivity of the tax receipts estimates to changes in the economic outlook is provided in Budget Statement 7.

Table 4: Key economic parameters^(a)

	Estimates			Projections	
	2015-16	2016-17	2017-18	2018-19	2019-20
Revenue parameters at 2016-17 Budget					
Nominal gross domestic product	2 1/2	4 1/4	5	5	5
<i>Change since 2015-16 MYEFO</i>	- 1/4	- 1/4	0	- 1/4	na
Compensation of employees(b)	3	4	4 1/2	4 1/2	5
<i>Change since 2015-16 MYEFO</i>	- 3/4	0	1/4	0	na
Corporate gross operating surplus(c)	1 1/4	5 1/4	5 3/4	5 1/4	4 3/4
<i>Change since 2015-16 MYEFO</i>	1 1/4	0	-1	-1	na
Unincorporated business income	4 1/2	4	5 1/2	5 1/2	4 3/4
<i>Change since 2015-16 MYEFO</i>	1/2	-1 1/4	-1 1/4	-1 1/4	na
Property income(d)	1 3/4	5	6 1/4	5	5 1/4
<i>Change since 2015-16 MYEFO</i>	1 3/4	-1 1/4	1 3/4	1/4	na
Consumption subject to GST	4	4 3/4	5 1/4	5 1/2	5 1/4
<i>Change since 2015-16 MYEFO</i>	- 1/4	- 3/4	1/2	1/2	na

(a) Current prices, per cent change on previous years. Changes since the 2015-16 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 System of National Accounts measure of company profits, gross of depreciation.

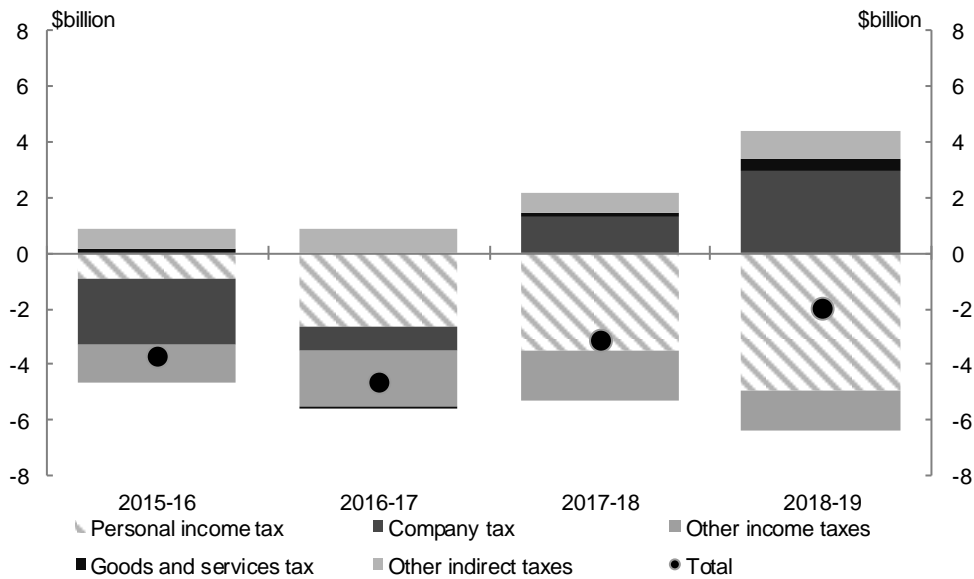
(d) Property income measures income derived from rent, dividends and interest.

na not applicable.

Since the 2015-16 MYEFO, parameter and other variations have reduced forecast tax receipts by \$3.7 billion in 2015-16, \$4.6 billion in 2016-17 and \$13.5 billion over the four years to 2018-19 (Chart 2). Excluding GST, parameter and other variations have reduced forecast tax receipts by \$3.9 billion in 2015-16, by around \$4.6 billion in 2016-17 and by around \$14.2 billion over the four years to 2018-19.

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Chart 2: Parameter and other variations to tax receipts since the 2015-16 MYEFO



Source: Treasury.

In aggregate, tax receipts are expected to grow by 3.1 per cent in 2015-16 and 5.0 per cent in 2016-17. The primary contributors to growth are income taxes on individuals and companies, and indirect taxes, reflecting growth in wages, profits and consumption respectively. At a disaggregated level, different heads of revenue are expected to grow at different rates, with some expected to experience negative growth.

Individuals and other withholding taxation receipts

Gross income tax withholding (ITW) receipts are forecast to grow by 4.7 per cent in 2015-16 and 4.4 per cent in 2016-17. Since the 2015-16 MYEFO, ITW receipts are expected to be around \$1.0 billion lower in 2015-16 and \$7.9 billion lower over the four years to 2018-19. This fall in expected tax is primarily driven by revisions to total wages forecasts and targeted personal income tax cuts.

Gross other individuals taxes refers to taxes payable by individuals other than those collected through withholding systems, including PAYG instalments paid directly by individuals and assessments after tax returns are lodged. These amounts primarily reflect tax on income such as unincorporated business profits, capital gains and interest.

Gross other individuals taxes are expected to grow by 9.0 per cent in 2015-16 and 5.7 per cent in 2016-17. Since the 2015-16 MYEFO, receipts are expected to be around \$400 million higher in 2015-16 and \$3.2 billion lower over the four years to 2018-19, reflecting lower expected growth in unincorporated business income over the forward estimates. In addition, the Budget includes new policy to increase the tax discount for unincorporated small businesses, which lowers estimated tax receipts. These

reductions in receipts have been partly offset by higher expected realisation of capital gains, based on the latest tax return data.

Income tax refunds for individuals, which have a negative effect on receipts, are expected to grow by 2.8 per cent in 2015-16 and 5.6 per cent in 2016-17. Relative to the 2015-16 MYEFO, forecast refunds are \$300 million higher (a decrease in overall tax receipts) in 2015-16 and \$3.0 billion higher over the four years to 2018-19.

Fringe benefits tax

Receipts from fringe benefits tax (FBT) are forecast to grow by 3.5 per cent in 2015-16 and 3.8 per cent in 2016-17. Since the 2015-16 MYEFO, receipts are expected to be around \$30 million lower in 2015-16 and \$130 million lower over the four years to 2018-19, consistent with lower expected total wages.

Company tax

Company tax receipts are forecast to fall by 2.2 per cent in 2015-16, owing to weaker current year collections, and grow by 6.6 per cent in 2016-17, consistent with increasing corporate profits. Since the 2015-16 MYEFO, receipts are expected to be around \$2.4 billion lower in 2015-16 and \$2.1 billion lower over the four years to 2018-19. This fall in expected tax is primarily due to weaker-than-expected collections in the current year and lowering of the company tax rate for eligible businesses from 2016-17.

Excluding new policy decisions, company tax has been revised down by \$2.4 billion in 2015-16 and up by \$1.0 billion over the four years to 2018-19. Collections for 2015-16 are weaker than expected at MYEFO, primarily owing to lower receipts from the mining sector. This has flow-on impacts to company tax in 2016-17. Higher-than-expected mining profits are not expected to be reflected in increased company tax collections until 2017-18 and 2018-19.

Significant new policies affecting company tax include a reduction in the company tax rate, commencing with a reduction for small businesses, and increasing the small business entity turnover threshold. A more competitive company tax rate will encourage investment, raise productivity, and over time raise real wages and living standards.

In addition, the tax integrity package encompasses measures to reinforce the corporate tax base by preventing multinational corporations from avoiding tax by profit shifting and fighting tax avoidance.

Superannuation fund taxes

Tax receipts from superannuation funds are expected to grow by 12.9 per cent in 2015-16 and 11.3 per cent in 2016-17. Since the 2015-16 MYEFO, receipts are expected to be around \$1.1 billion lower in 2015-16 and \$4.2 billion lower over the four years to

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2018-19. Lower receipts are due to higher expected foreign exchange losses, lower expected net contributions owing to weaker wages and lower forecast capital gains tax. These parameter changes more than offset additional expected receipts from superannuation policies announced in this Budget, which better target concessions. These policy changes also have impacts on individuals income taxes.

The Budget includes the introduction of a Low Income Superannuation Tax Offset (LISTO). The LISTO reduces tax on superannuation contributions for low income earners, effectively avoiding the situation in which low income earners would pay more tax on savings placed into superannuation than on income earned outside of superannuation.

Petroleum resource rent tax

Petroleum resource rent tax (PRRT) receipts are forecast to fall by over 50 per cent in 2015-16 and remain at a similar level in 2016-17. Since the 2015-16 MYEFO, receipts are expected to be around \$200 million lower in 2015-16 and \$850 million lower over the four years to 2018-19, consistent with lower Australian dollar oil prices.

Goods and services tax

Receipts from GST are forecast to grow by 6.0 per cent in 2015-16 and 5.4 per cent in 2016-17. Since the 2015-16 MYEFO, receipts are expected to be around \$190 million higher in 2015-16 and \$1.1 billion higher over the four years to 2018-19. The 2015-16 estimate has been revised upward largely owing to stronger-than-expected collections. GST receipts are also expected to be higher as a result of the decision to apply GST to low-value goods imported by consumers, so that they will face the same tax regime as goods that are sourced domestically.

Excise and customs duty

Excise and customs duty receipts are forecast to grow by 0.6 per cent in 2015-16 and by 2.8 per cent in 2016-17. These low growth rates are primarily attributable to tariff cuts as part of free trade agreements and weak growth in excise on other fuel products.

Since the 2015-16 MYEFO, receipts are expected to be around \$550 million higher in 2015-16 and \$4.8 billion higher over the four years to 2018-19, reflecting higher current year tax collections and the 2016-17 Budget measure to increase the tobacco excise rate, which is aimed at improving health outcomes. The 2016-17 Budget includes the measure for the Trans-Pacific Partnership Agreement.

Other sales taxes

Other sales taxes include the wine equalisation tax (WET) and the luxury car tax (LCT).

WET receipts are forecast to grow by 8.6 per cent in 2015-16 and 4.7 per cent in 2016-17. Since the 2015-16 MYEFO, forecast WET receipts have been revised up by \$280 million over the four years to 2018-19 as a result of higher current year collections and the wine equalisation tax rebate integrity measure.

LCT receipts are forecast to grow by 11.5 per cent in 2015-16 in line with stronger-than-expected sales of vehicles subject to LCT. Since the 2015-16 MYEFO, forecast LCT receipts have been revised up by \$240 million over the four years to 2018-19.

Non-taxation receipts

Since the 2015-16 MYEFO, non-taxation receipts have been revised down by \$3.1 billion in 2015-16, primarily due to the agreement with the Victorian Government to reinvest the \$1.5 billion provided for the East West Link project to fund other mutually agreed projects, and a delay in the expected receipt of proceeds from the reissue of spectrum licences previously expected in 2015-16. Non-taxation receipts have been revised up by \$2.3 billion in 2016-17, largely reflecting higher expected dividend receipts from the Reserve Bank of Australia and the delayed spectrum licence receipts.

Non-taxation receipts (including Future Fund earnings) are expected to fall by 5.2 per cent in 2015-16, largely reflecting lower expected receipts from the sale of spectrum licences. Non-taxation receipts are expected to grow by 21.2 per cent in 2016-17, primarily due to increased expected receipts from the sale of spectrum licences and increased State and Territory Government contributions to the National Disability Insurance Scheme (NDIS) in line with the expected increase in participants as the NDIS transitions to full Scheme.

The changes in the individual heads of revenue relative to the 2015-16 MYEFO are shown in Table 5 and Table 6 for 2015-16 and 2016-17 respectively.

Table 7 shows the Australian Government general government cash receipts from 2014-15 to 2019-20 by head of revenue.

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Table 5: Reconciliation of 2015-16 general government (cash) receipts

	Estimates		Change on MYEFO	
	MYEFO \$m	Budget \$m	\$m	%
Individuals and other withholding taxes				
Gross income tax withholding	175,200	174,200	-1,000	-0.6
Gross other individuals	41,600	42,000	400	1.0
less: Refunds	27,500	27,800	300	1.1
Total individuals and other withholding tax	189,300	188,400	-900	-0.5
Fringe benefits tax	4,530	4,500	-30	-0.7
Company tax	67,100	64,700	-2,400	-3.6
Superannuation fund taxes	7,730	6,630	-1,100	-14.2
Petroleum resource rent tax	1,000	800	-200	-20.0
Income taxation receipts	269,660	265,030	-4,630	-1.7
Goods and services tax	57,614	57,808	194	0.3
Wine equalisation tax	840	860	20	2.4
Luxury car tax	520	580	60	11.5
Excise and customs duty				
Petrol	6,200	6,200	0	0.0
Diesel	9,320	9,460	140	1.5
Other fuel products	2,420	2,240	-180	-7.4
Tobacco	9,150	9,410	260	2.8
Beer	2,330	2,360	30	1.3
Spirits	1,970	2,040	70	3.6
Other alcoholic beverages(a)	910	910	0	0.0
Other customs duty				
Textiles, clothing and footwear	440	470	30	6.8
Passenger motor vehicles	550	570	20	3.6
Other imports	1,370	1,550	180	13.1
less: Refunds and drawbacks	420	420	0	0.0
Total excise and customs duty	34,240	34,790	550	1.6
Agricultural levies	475	514	39	8.2
Other taxes(b)	4,881	4,925	44	0.9
Indirect taxation receipts	98,570	99,477	907	0.9
Taxation receipts	368,230	364,507	-3,723	-1.0
Sales of goods and services(b)	7,870	7,686	-184	-2.3
Interest received	3,874	2,842	-1,032	-26.6
Dividends	4,516	5,332	816	18.1
Other non-taxation receipts	10,401	7,660	-2,741	-26.4
Non-taxation receipts	26,661	23,520	-3,141	-11.8
Total receipts	394,891	388,027	-6,863	-1.7
<i>Memorandum:</i>				
Total excise	21,330	21,360	30	0.1
Total customs duty	12,910	13,430	520	4.0
Capital gains tax(c)	10,600	10,600	0	0.0
Medicare and DisabilityCare Australia levy	15,014	14,970	-44	-0.3

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

(b) Visa application charges were reclassified in the 2015-16 MYEFO from non-taxation receipts to taxation receipts to reflect a sustained change in the nature of receipts. The back-casting relating to the reclassification is reflected in Statement 10 — Historical Series from 2003-04.

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

Table 6: Reconciliation of 2016-17 general government (cash) receipts

	Estimates		Change on MYEFO	
	MYEFO \$m	Budget \$m	\$m	%
Individuals and other withholding taxes				
Gross income tax withholding	184,500	181,900	-2,600	-1.4
Gross other individuals	44,900	44,400	-500	-1.1
less: Refunds	28,900	29,350	450	1.6
Total individuals and other withholding tax	200,500	196,950	-3,550	-1.8
Fringe benefits tax	4,700	4,670	-30	-0.6
Company tax	70,700	69,000	-1,700	-2.4
Superannuation fund taxes	9,080	7,380	-1,700	-18.7
Petroleum resource rent tax	1,050	800	-250	-23.8
Income taxation receipts	286,030	278,800	-7,230	-2.5
Goods and services tax	60,991	60,928	-64	-0.1
Wine equalisation tax	860	900	40	4.7
Luxury car tax	510	570	60	11.8
Excise and customs duty				
Petrol	6,400	6,450	50	0.8
Diesel	9,630	9,860	230	2.4
Other fuel products	2,430	2,230	-200	-8.2
Tobacco	9,700	10,160	460	4.7
Beer	2,330	2,390	60	2.6
Spirits	2,010	2,100	90	4.5
Other alcoholic beverages(a)	920	940	20	2.2
Other customs duty				
Textiles, clothing and footwear	300	310	10	3.3
Passenger motor vehicles	590	590	0	0.0
Other imports	1,140	1,170	30	2.6
less: Refunds and drawbacks	420	420	0	0.0
Total excise and customs duty	35,030	35,780	750	2.1
Agricultural levies	485	494	9	1.9
Other taxes(b)	5,219	5,298	79	1.5
Indirect taxation receipts	103,095	103,969	874	0.8
Taxation receipts	389,125	382,769	-6,356	-1.6
Sales of goods and services(b)	9,580	9,176	-404	-4.2
Interest received	4,007	3,262	-745	-18.6
Dividends	4,542	5,833	1,291	28.4
Other non-taxation receipts	8,074	10,244	2,170	26.9
Non-taxation receipts	26,202	28,515	2,312	8.8
Total receipts	415,327	411,284	-4,043	-1.0
<i>Memorandum:</i>				
Total excise	21,530	21,770	240	1.1
Total customs duty	13,500	14,010	510	3.8
Capital gains tax(c)	12,300	12,300	0	0.0
Medicare and DisabilityCare Australia levy	15,592	15,440	-152	-1.0

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

(b) Visa application charges were reclassified in the 2015-16 MYEFO from non-taxation receipts to taxation receipts to reflect a sustained change in the nature of receipts. The back-casting relating to the reclassification is reflected in Statement 10 — Historical Series from 2003-04.

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

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Table 7: Australian Government general government (cash) receipts

	Actual		Estimates		Projections	
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	\$m	\$m	\$m	\$m	\$m	\$m
Individuals and other withholding taxes						
Gross income tax withholding	166,352	174,200	181,900	193,300	205,400	218,200
Gross other individuals	38,541	42,000	44,400	48,300	52,700	57,200
less: Refunds	27,033	27,800	29,350	31,250	34,350	35,700
Total individuals and other withholding tax	177,860	188,400	196,950	210,350	223,750	239,700
Fringe benefits tax	4,347	4,500	4,670	4,560	4,750	4,980
Company tax	66,174	64,700	69,000	76,700	84,600	90,700
Superannuation fund taxes	5,873	6,630	7,380	8,960	9,960	10,860
Petroleum resource rent tax(a)	1,870	800	800	800	800	800
Income taxation receipts	256,125	265,030	278,800	301,370	323,860	347,040
Goods and services tax	54,542	57,808	60,928	64,220	67,640	70,683
Wine equalisation tax	792	860	900	990	1,040	1,200
Luxury car tax	520	580	570	570	600	630
Excise and customs duty						
Petrol	6,035	6,200	6,450	6,700	7,050	7,550
Diesel	8,908	9,460	9,860	10,260	10,860	11,620
Other fuel products	2,885	2,240	2,230	2,270	2,350	2,460
Tobacco	8,848	9,410	10,160	10,990	12,310	13,490
Beer	2,310	2,360	2,390	2,450	2,490	2,580
Spirits	1,996	2,040	2,100	2,130	2,200	2,280
Other alcoholic beverages(b)	899	910	940	960	990	1,040
Other customs duty						
Textiles, clothing and footwear	645	470	310	260	280	310
Passenger motor vehicles	732	570	590	630	690	760
Other imports	1,664	1,550	1,170	890	940	1,010
less: Refunds and drawbacks	356	420	420	420	420	420
Total excise and customs duty	34,568	34,790	35,780	37,120	39,740	42,680
Agricultural levies	515	514	494	495	501	505
Other taxes(c)(d)	6,432	4,925	5,298	5,400	5,439	5,539
Indirect taxation receipts	97,369	99,477	103,969	108,795	114,961	121,238
Taxation receipts	353,494	364,507	382,769	410,165	438,821	468,278
Sales of goods and services(d)	7,103	7,686	9,176	11,954	15,499	16,709
Interest received	3,056	2,842	3,262	3,470	3,829	4,248
Dividends	4,745	5,332	5,833	3,462	3,886	4,304
Other non-taxation receipts	9,904	7,660	10,244	8,334	7,886	7,203
Non-taxation receipts	24,807	23,520	28,515	27,221	31,100	32,464
Total receipts	378,301	388,027	411,284	437,385	469,921	500,742
<i>Memorandum:</i>						
Total excise	23,663	21,360	21,770	22,530	23,630	25,140
Total customs duty	10,905	13,430	14,010	14,590	16,110	17,540
Capital gains tax(e)	9,100	10,600	12,300	13,900	15,900	17,500
Medicare and DisabilityCare	14,480	14,970	15,440	16,100	16,870	17,690
Australia levy						

(a) This includes \$60 million of MRRT receipts in 2014-15. MRRT applied until 30 September 2014.

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

(c) This includes \$1.6 billion of carbon price receipts in 2014-15.

(d) Visa application charges were reclassified in the 2015-16 MYEFO from non-taxation receipts to taxation receipts.

(e) Capital gains tax is part of gross other individuals, company tax and superannuation funds taxes. The 2014-15 reported figure is an estimate.

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. Revenue amounts 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 timing differences. Table 8 provides a reconciliation of the Budget's revenue estimates with those at the 2015-16 MYEFO.

Table 8: Reconciliation of total Australian Government general government revenue estimates from the 2015-16 MYEFO

	Estimates			Projections	Total
	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m	
Revenue at 2015-16 MYEFO	400,953	423,200	452,581	487,094	1,763,828
Changes from 2015-16 MYEFO to 2016-17 Budget					
Effect of policy decisions(a)	419	-1,251	1,038	160	367
Effect of parameter and other variations	-4,977	-5,088	-4,094	-2,884	-17,044
Total variations	-4,558	-6,339	-3,056	-2,724	-16,677
Revenue at 2016-17 Budget	396,396	416,862	449,524	484,370	1,747,151

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

Since the 2015-16 MYEFO, total revenue has been revised down by around \$6.3 billion in 2016-17 and \$16.7 billion over the four years to 2018-19. The factors affecting revisions to tax receipts are also at play with regards to revenue. Key drivers of the change in revenue include revisions to total wages and profits, weaker-than-expected collections and the impact of new policy.

The changes to individual heads of revenue accrual estimates since the 2015-16 MYEFO are shown in Tables 9 and 10. For the five year accrual table, the accrual equivalent of Table 7, see Budget Statement 9, Note 3.

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

Statement 4: Revenue

Table 9: Reconciliation of 2015-16 general government (accrual) revenue

	Estimates		Change on MYEFO	
	MYEFO \$m	Budget \$m	\$m	%
Individuals and other withholding taxes				
Gross income tax withholding	176,550	175,510	-1,040	-0.6
Gross other individuals	44,310	44,850	540	1.2
less: Refunds	27,500	27,800	300	1.1
Total individuals and other withholding tax	193,360	192,560	-800	-0.4
Fringe benefits tax	4,610	4,590	-20	-0.4
Company tax	67,996	65,000	-2,996	-4.4
Superannuation fund taxes	7,780	6,710	-1,070	-13.8
Petroleum resource rent tax	960	840	-120	-12.5
Income taxation revenue	274,706	269,700	-5,006	-1.8
Goods and services tax	59,790	60,040	250	0.4
Wine equalisation tax	850	880	30	3.5
Luxury car tax	520	590	70	13.5
Excise and customs duty				
Petrol	6,220	6,220	0	0.0
Diesel	9,350	9,490	140	1.5
Other fuel products	2,423	2,243	-180	-7.4
Tobacco	9,150	9,410	260	2.8
Beer	2,340	2,370	30	1.3
Spirits	1,970	2,040	70	3.6
Other alcoholic beverages(a)	910	910	0	0.0
Other customs duty				
Textiles, clothing and footwear	440	470	30	6.8
Passenger motor vehicles	550	570	20	3.6
Other imports	1,370	1,550	180	13.1
less: Refunds and drawbacks	420	420	0	0.0
Total excise and customs duty	34,303	34,853	550	1.6
Agricultural levies	475	514	39	8.2
Other taxes(b)	5,279	5,346	67	1.3
Indirect taxation revenue	101,217	102,223	1,006	1.0
Taxation revenue	375,923	371,923	-4,000	-1.1
Sales of goods and services(b)	7,956	7,697	-260	-3.3
Interest	4,519	3,506	-1,013	-22.4
Dividends	3,841	5,564	1,723	44.9
Other non-taxation revenue	8,714	7,706	-1,008	-11.6
Non-taxation revenue	25,030	24,472	-558	-2.2
Total revenue	400,953	396,396	-4,558	-1.1
<i>Memorandum:</i>				
Total excise	21,393	21,423	30	0.1
Total customs duty	12,910	13,430	520	4.0
Capital gains tax(c)	10,600	10,600	0	0.0
Medicare and DisabilityCare Australia levy	15,014	14,970	-44	-0.3

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

(b) Visa application charges were reclassified in the 2015-16 MYEFO from non-taxation revenue to taxation revenue to reflect a sustained change in the nature of revenue. The back-casting relating to the reclassification is reflected in Statement 10 — Historical Series from 2003-04.

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

Table 10: Reconciliation of 2016-17 general government (accrual) revenue

	Estimates		Change on MYEFO	
	MYEFO \$m	Budget \$m	\$m	%
Individuals and other withholding taxes				
Gross income tax withholding	185,950	183,380	-2,570	-1.4
Gross other individuals	47,740	47,300	-440	-0.9
less: Refunds	28,900	29,350	450	1.6
Total individuals and other withholding tax	204,790	201,330	-3,460	-1.7
Fringe benefits tax	4,780	4,760	-20	-0.4
Company tax	71,600	70,100	-1,500	-2.1
Superannuation fund taxes	9,150	7,510	-1,640	-17.9
Petroleum resource rent tax	1,070	850	-220	-20.6
Income taxation revenue	291,390	284,550	-6,840	-2.3
Goods and services tax	63,700	63,340	-360	-0.6
Wine equalisation tax	860	910	50	5.8
Luxury car tax	510	570	60	11.8
Excise and customs duty				
Petrol	6,400	6,450	50	0.8
Diesel	9,640	9,870	230	2.4
Other fuel products	2,440	2,235	-205	-8.4
Tobacco	9,700	10,160	460	4.7
Beer	2,330	2,390	60	2.6
Spirits	2,010	2,100	90	4.5
Other alcoholic beverages(a)	920	940	20	2.2
Other customs duty				
Textiles, clothing and footwear	300	310	10	3.3
Passenger motor vehicles	590	590	0	0.0
Other imports	1,140	1,170	30	2.6
less: Refunds and drawbacks	420	420	0	0.0
Total excise and customs duty	35,050	35,795	745	2.1
Agricultural levies	485	494	9	1.9
Other taxes(b)	5,547	5,625	78	1.4
Indirect taxation revenue	106,151	106,733	582	0.5
Taxation revenue	397,541	391,283	-6,258	-1.6
Sales of goods and services(b)	9,641	9,249	-391	-4.1
Interest	4,938	4,280	-658	-13.3
Dividends	3,050	3,242	192	6.3
Other non-taxation revenue	8,030	8,807	777	9.7
Non-taxation revenue	25,659	25,579	-80	-0.3
Total revenue	423,200	416,862	-6,339	-1.5
<i>Memorandum:</i>				
Total excise	21,550	21,785	235	1.1
Total customs duty	13,500	14,010	510	3.8
Capital gains tax(c)	12,300	12,300	0	0.0
Medicare and DisabilityCare Australia levy	15,592	15,440	-152	-1.0

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

(b) Visa application charges were reclassified in the 2015-16 MYEFO from non-taxation revenue to taxation revenue to reflect a sustained change in the nature of revenue. The back-casting relating to the reclassification is reflected in Statement 10 — Historical Series from 2003-04.

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

APPENDIX A: TAX EXPENDITURES

This appendix contains an overview of Australian Government tax expenditures, as required by the *Charter of Budget Honesty Act 1998* (CBHA).

Tax expenditure estimates should be interpreted with caution as they do not indicate the revenue gain to the Budget if tax expenditures were to be abolished. In addition, the characterisation of a provision of the tax law as a tax expenditure does not indicate a view on how an activity or class of taxpayer ought to be taxed.

A tax expenditure arises where the actual tax treatment of an activity or class of taxpayer differs from the benchmark tax treatment. The choice of benchmark unavoidably involves judgment and may therefore be contentious in some cases.

Consistent with most OECD countries, estimates of the size of tax expenditures reflect the existing utilisation of a tax expenditure, similar to Budget estimates of outlays on demand driven expenditure programmes.

- This is known as the 'revenue forgone' approach which, in practice, involves estimating the difference in revenue between the existing 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 Australian Government budget if specific tax expenditures were abolished, as there may be significant changes in taxpayer behaviour were tax expenditures to be removed.

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 the TES are generally not comparable because benchmarks may have changed.

The CBHA also requires the publication of an annual Tax Expenditures Statement (TES). The 2015 TES was published in January 2016 and provides a detailed description of Australian Government tax expenditures and, where possible, the estimated value or order of magnitude of each tax expenditure.

The information in Table A1 is derived from the 2015 TES and does not include the impact of decisions in this Budget on tax expenditures. Further information on tax expenditures is available in the 2015 TES.

Table A1: Estimates of large measured tax expenditures

Tax expenditure		Estimate \$m			
		2016-17	2017-18	2018-19	2019-20
Large positive tax expenditures					
E6	Capital gains tax main residence exemption — discount component	30,000	30,500	30,500	30,500
E5	Capital gains tax main residence exemption	24,500	25,000	25,000	25,000
C3	Concessional taxation of employer superannuation contributions	16,200	16,850	18,750	19,900
C6	Concessional taxation of superannuation entity earnings	14,100	15,350	18,050	20,850
H28	GST - Food	7,000	7,300	7,600	8,000
E11	Capital gains tax discount for individuals and trusts	6,840	7,600	8,570	9,090
H16	GST - Education	4,550	4,950	5,350	5,800
H19	GST - Health - medical and health services	4,000	4,250	4,550	4,900
H2	GST - Financial supplies - input taxed treatment	3,450	3,650	3,850	4,050
A35	Exemption of Family Tax Benefit payments	2,220	2,220	2,230	2,180
C5	Concessional taxation of non-superannuation termination benefits	1,950	1,900	1,900	1,900
A19	Medicare levy exemption for residents with taxable income below the low-income thresholds	1,960	2,040	2,130	2,230
B13	Exemption from interest withholding tax on certain securities	1,730	1,730	1,730	1,730
4-21 A17	Exemption of the Private Health Insurance Rebate	1,610	1,690	1,770	1,910
D10	Exemption for public and not-for-profit hospitals and public ambulance services	1,550	1,650	1,750	1,850
D14	Exemption for public benevolent institutions (excluding public and not-for-profit hospitals)	1,500	1,600	1,650	1,700
A24	Exemption of Child Care Assistance payments	1,550	2,185	2,210	2,240
H5	GST - Child care services	1,390	1,670	1,840	2,020
A49	Philanthropy - deduction for gifts to deductible gift recipients	1,230	1,280	1,330	1,370
F7	Concessional rate of excise levied on aviation gasoline and aviation turbine fuel	1,240	1,310	1,390	1,460
H20	GST - Health - residential care, community care and other care services	1,180	1,260	1,350	1,450
B73	Capital works expenditure deduction	1,035	1,070	1,105	1,145
H6	GST - Water, sewerage and drainage	1,040	1,140	1,240	1,360
B78	Research and development - non-refundable tax offset	850	860	850	850
Large negative tax expenditures					
F11	Higher rate of excise levied on cigarettes not exceeding 0.8 grams of tobacco	-2,140	-2,235	-2,290	-2,375
F23	Customs duty	-1,620	-1,340	-1,450	-1,540