

## STATEMENT 5: REVENUE

Compared with the 2016-17 MYEFO, the 2017-18 Budget forecasts for tax receipts have been revised up by \$6.4 billion over the four years to 2019-20, due to policy decisions including increasing the Medicare levy, introducing a major bank levy, improving the integrity of GST on property transactions and introducing a *Skilling Australians Fund* levy. Policy decisions are expected to increase forecast tax receipts by \$11.9 billion over the four years to 2019-20, which is partially offset by \$5.5 billion of downward revisions owing to parameter and other variations. Excluding GST, forecast tax receipts have been revised up by \$8.9 billion over the four years to 2019-20.

Improved corporate profitability, reflecting higher mining profitability and the economy's transition to broader-based activity, has contributed to higher forecasts for company tax of \$6.9 billion over the four years to 2019-20, including new policy. This is partly offset by downward revisions to forecast individuals and other withholding tax of \$1.9 billion and superannuation fund tax of \$950 million over the four years to 2019-20, including new policy. In addition, the GST has been revised down \$2.5 billion over the four years to 2019-20, including new policy.

In 2017-18, tax receipts as a share of GDP are expected to be 22.2 per cent, unchanged from the 2016-17 MYEFO estimate. Tax receipts as a share of GDP are expected to rise to 23.7 per cent by 2020-21, the last year of the forward estimates.



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### OVERVIEW

Since the 2016-17 MYEFO, expected tax receipts, including new policy, have been revised up by \$700 million in 2017-18 and \$6.4 billion over the four years to 2019-20. Excluding GST, tax receipts have been revised up by \$1.1 billion in 2017-18 and \$8.9 billion over the four years to 2019-20, including new policy. 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 4.2 per cent in 2016-17 and 7.2 per cent in 2017-18 (Table 1). Tax receipts are expected to grow in line with improving domestic demand, wage growth and domestic price growth. Total tax receipts as a share of GDP are expected to increase from 22.2 per cent in 2017-18 to 23.7 per cent by 2020-21, an increase of 1.5 percentage points. Compared with the 2016-17 MYEFO, the tax-to-GDP ratio is forecast to be lower in 2016-17 and unchanged in 2017-18 but higher from 2018-19.

**Table 1: Australian Government general government receipts**

	Actual		Estimates		Projections	
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Total taxation receipts (\$b)</b>	<b>362.0</b>	<b>377.2</b>	<b>404.3</b>	<b>430.7</b>	<b>463.2</b>	<b>492.5</b>
Growth on previous year (%)	2.4	4.2	7.2	6.5	7.5	6.3
Per cent of GDP	21.9	21.5	22.2	22.8	23.4	23.7
<b>Tax receipts excluding GST (\$b)</b>	<b>304.6</b>	<b>318.0</b>	<b>342.0</b>	<b>365.2</b>	<b>395.5</b>	<b>420.9</b>
Growth on previous year (%)	1.8	4.4	7.5	6.8	8.3	6.4
Per cent of GDP	18.4	18.1	18.8	19.3	20.0	20.3
<b>Non-taxation receipts (\$b)</b>	<b>25.0</b>	<b>28.5</b>	<b>29.2</b>	<b>31.8</b>	<b>33.7</b>	<b>33.8</b>
Growth on previous year (%)	0.6	14.3	2.3	8.8	6.2	0.4
Per cent of GDP	1.5	1.6	1.6	1.7	1.7	1.6
<b>Total receipts (\$b)</b>	<b>386.9</b>	<b>405.7</b>	<b>433.5</b>	<b>462.5</b>	<b>496.9</b>	<b>526.3</b>
Growth on previous year (%)	2.3	4.9	6.8	6.7	7.4	5.9
Per cent of GDP	23.4	23.2	23.8	24.4	25.1	25.4

### TAX OUTLOOK

Table 2 reconciles the 2017-18 Budget estimates of tax receipts with the 2016-17 Budget, 2016 PEFO and the 2016-17 MYEFO estimates. Since the 2016-17 MYEFO, tax receipts, including new policy, have been revised up by \$700 million in 2017-18 and \$6.4 billion over the four years to 2019-20.

**Table 2: Reconciliation of Australian Government general government taxation receipts estimates from the 2016-17 Budget**

	Estimates			Projections	Total
	2016-17	2017-18	2018-19	2019-20	
	\$m	\$m	\$m	\$m	\$m
<b>Tax receipts at 2016-17 Budget</b>	<b>382,769</b>	<b>410,165</b>	<b>438,821</b>	<b>468,278</b>	<b>1,700,032</b>
<b>Changes from 2016-17 Budget to 2016 PEFO</b>					
Effect of policy decisions	0	0	0	0	0
Effect of parameter and other variations	0	0	0	0	0
<b>Total variations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Tax receipts at 2016 PEFO</b>	<b>382,769</b>	<b>410,165</b>	<b>438,821</b>	<b>468,278</b>	<b>1,700,032</b>
<b>Changes from 2016 PEFO to 2016-17 MYEFO</b>					
Effect of policy decisions	-325	-192	146	71	-299
Effect of parameter and other variations	-3,689	-6,371	-9,627	-10,976	-30,663
<b>Total variations</b>	<b>-4,014</b>	<b>-6,563</b>	<b>-9,481</b>	<b>-10,905</b>	<b>-30,963</b>
<b>Tax receipts at 2016-17 MYEFO</b>	<b>378,756</b>	<b>403,601</b>	<b>429,340</b>	<b>457,373</b>	<b>1,669,070</b>
<b>Changes from 2016-17 MYEFO to 2017-18 Budget</b>					
Effect of policy decisions	74	1,812	3,138	6,901	11,925
Effect of parameter and other variations	-1,629	-1,111	-1,730	-1,079	-5,548
<b>Total variations</b>	<b>-1,555</b>	<b>701</b>	<b>1,407</b>	<b>5,823</b>	<b>6,377</b>
<b>Tax receipts at 2017-18 Budget</b>	<b>377,201</b>	<b>404,302</b>	<b>430,747</b>	<b>463,195</b>	<b>1,675,446</b>

The upward revisions to forecast total tax receipts are due to policy decisions including increasing the Medicare levy by half a percentage point from 1 July 2019, introducing a major bank levy, improving the integrity of GST on property transactions and introducing a *Skilling Australians Fund* levy. Policy decisions are expected to increase forecast tax receipts by \$11.9 billion over the four years to 2019-20, while parameter and other variations are expected to reduce forecast tax receipts by \$5.5 billion over the four years to 2019-20. Excluding GST, forecast tax receipts have been revised up by \$8.9 billion over the four years to 2019-20. For more details on policy decisions, see Budget Paper 2.

Revisions owing to parameter and other variations reflect a shift in the composition of growth away from wages to corporate profits (see Box 1). Corporate profitability is expected to improve, consistent with recent higher commodity prices, lifting expected receipts from company tax from 2017-18. However, aggregate wages growth is expected to be weaker, resulting in downward revisions to receipts from personal income tax. Given that wages account for the majority of income taxes paid, this results in overall taxes growing more slowly than previously expected. Aggregate wages growth remains low by historical standards – a phenomenon present in many advanced economies – and is anticipated to be lower in each year from 2016-17 to 2019-20 than expected at the 2016-17 MYEFO. For more details on the economic outlook, see Budget Statement 2.

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The Government is supporting business confidence and investment through growth-friendly policies such as the Ten Year Enterprise Tax Plan, announced in the 2016-17 Budget. Under the Ten Year Enterprise Tax Plan, the company tax rate will be progressively reduced to 25 per cent by 2026-27. Legislating the phased tax cuts in advance will allow firms to take account of the lower tax rates in the future for new investment decisions. Higher after-tax returns on investments will attract capital, raising productivity, real wages and jobs in the longer term.

Including new policy, company tax has been revised up by \$6.9 billion over the four years to 2019-20, consistent with higher corporate profitability. The effect of the downward revision to aggregate wages growth on individuals tax is partly offset by the increase in the Medicare levy of half a percentage point, resulting in a reduction in individuals tax of \$1.9 billion over the four years to 2019-20. The goods and services tax has been revised down by \$2.5 billion over the four years to 2019-20, owing to weaker-than-expected collections, lower nominal consumption and, in 2018-19, a fall in dwelling investment, partly offset by the policy decision to improve the integrity of GST on property transactions. Superannuation fund tax has been revised down by \$950 million over the four years to 2019-20, reflecting weaker aggregate wages and weaker-than-expected collections.

The 2017-18 Budget continues to include provisions for a number of Free Trade Agreements (FTAs) which have not been finalised:

- Environmental Goods Agreement.
- FTA with the Gulf Cooperation Council (GCC).
- India FTA – Comprehensive Economic Cooperation Agreement (CECA).
- Pacific Agreement on closer economic relations (PACER) plus.
- Regional Comprehensive Economic Partnership (RCEP).
- Australia's accession to the World Trade Organisation (WTO) Government Procurement Agreement (GPA).
- Indonesia Australia Comprehensive Economic Partnership Agreement.

The 2017-18 Budget also includes a new provision for the Australia-Hong Kong Free Trade Agreement.

## VARIATIONS IN RECEIPTS ESTIMATES

Table 3 reconciles the 2017-18 Budget estimates of total receipts, which include non-tax receipts, with the 2016-17 Budget, 2016 PEFO and the 2016-17 MYEFO estimates. These differences reflect the impact of policy decisions and the impact of parameter and other variations.

**Table 3: Reconciliation of Australian Government general government receipts estimates from the 2016-17 Budget<sup>(a)</sup>**

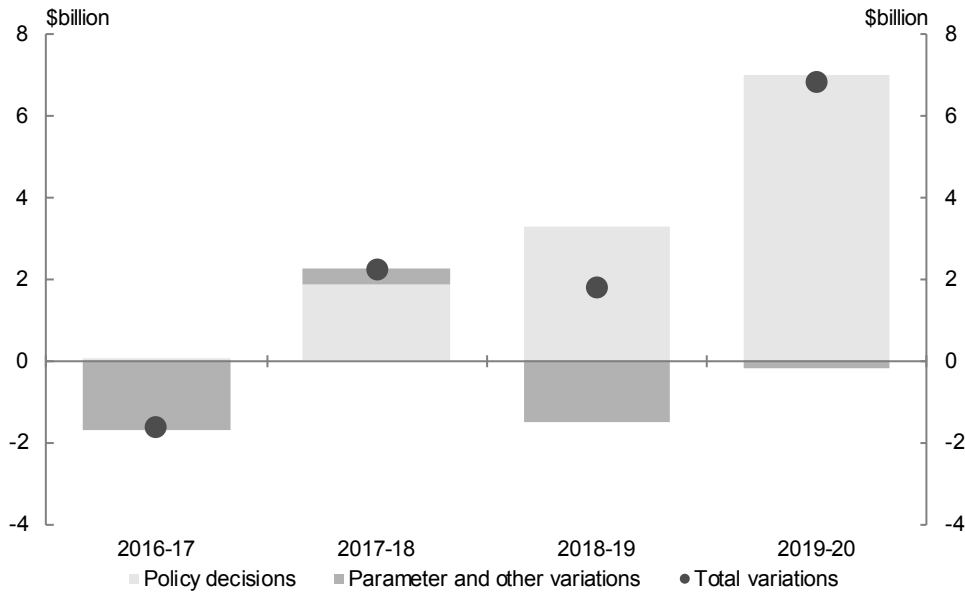
	Estimates			Projections	Total
	2016-17 \$m	2017-18 \$m	2018-19 \$m	2019-20 \$m	
<b>Receipts at 2016-17 Budget</b>	<b>411,284</b>	<b>437,385</b>	<b>469,921</b>	<b>500,742</b>	<b>1,819,332</b>
<b>Changes from 2016-17 Budget to 2016 PEFO</b>					
Effect of policy decisions	0	0	0	0	0
Effect of parameter and other variations	0	0	0	0	0
<b>Total variations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Receipts at 2016 PEFO</b>	<b>411,284</b>	<b>437,385</b>	<b>469,921</b>	<b>500,742</b>	<b>1,819,332</b>
<b>Changes from 2016 PEFO to 2016-17 MYEFO</b>					
Effect of policy decisions	-325	-144	391	543	464
Effect of parameter and other variations	-3,609	-6,008	-9,643	-11,245	-30,505
<b>Total variations</b>	<b>-3,934</b>	<b>-6,153</b>	<b>-9,252</b>	<b>-10,702</b>	<b>-30,040</b>
<b>Receipts at 2016-17 MYEFO</b>	<b>407,350</b>	<b>431,233</b>	<b>460,669</b>	<b>490,040</b>	<b>1,789,292</b>
<b>Changes from 2016-17 MYEFO to 2017-18 Budget</b>					
Effect of policy decisions	73	1,892	3,316	7,038	12,320
Effect of parameter and other variations	-1,699	369	-1,486	-170	-2,986
<b>Total variations</b>	<b>-1,626</b>	<b>2,261</b>	<b>1,831</b>	<b>6,868</b>	<b>9,333</b>
<b>Receipts at 2017-18 Budget</b>	<b>405,724</b>	<b>433,494</b>	<b>462,500</b>	<b>496,908</b>	<b>1,798,625</b>

(a) Includes expected Future Fund earnings.

Since the 2016-17 MYEFO, total receipts have been revised up by \$9.3 billion over the four years to 2019-20, reflecting an increase of \$12.3 billion from policy decisions and a downward revision of \$3.0 billion from parameter and other variations. Excluding GST, total receipts have been revised up by \$2.7 billion in 2017-18 and \$11.8 billion over the four years to 2019-20.

Chart 1 shows the contributions to revisions from policy decisions and from parameter and other variations to estimates for total receipts since the 2016-17 MYEFO over the four years to 2019-20.



**Chart 1: Revisions to total receipts estimates since the 2016-17 MYEFO**

Source: Treasury.

Parameter and other variations include 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 8.

**Table 4: Key economic parameters<sup>(a)</sup>**

	Estimates			Projections	
	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Revenue parameters at 2017-18 Budget</b>					
Nominal gross domestic product	6	4	4	4 1/2	4 3/4
<i>Change since 2016-17 MYEFO</i>	0	1/4	- 1/4	0	na
Compensation of employees(b)	2 1/4	3 1/2	4 1/4	5	5 1/4
<i>Change since 2016-17 MYEFO</i>	-1	- 1/2	- 3/4	- 1/4	na
Corporate gross operating surplus(c)	14 1/4	5 3/4	2 3/4	3 1/4	3 1/4
<i>Change since 2016-17 MYEFO</i>	1 1/2	3 1/4	1	1/2	na
Unincorporated business income	4 1/2	5 3/4	4 1/2	4 3/4	5 3/4
<i>Change since 2016-17 MYEFO</i>	1 1/2	1 1/4	1 1/2	1 3/4	na
Property income(d)	3 1/4	5 3/4	5 3/4	5 1/4	5 1/4
<i>Change since 2016-17 MYEFO</i>	-1 1/2	- 1/2	1	1/2	na
Consumption subject to GST	3 1/4	4 3/4	5 1/4	5 3/4	5 3/4
<i>Change since 2016-17 MYEFO</i>	0	- 1/4	- 1/4	1/2	na

(a) Current prices, per cent change on previous year. Changes since the 2016-17 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.

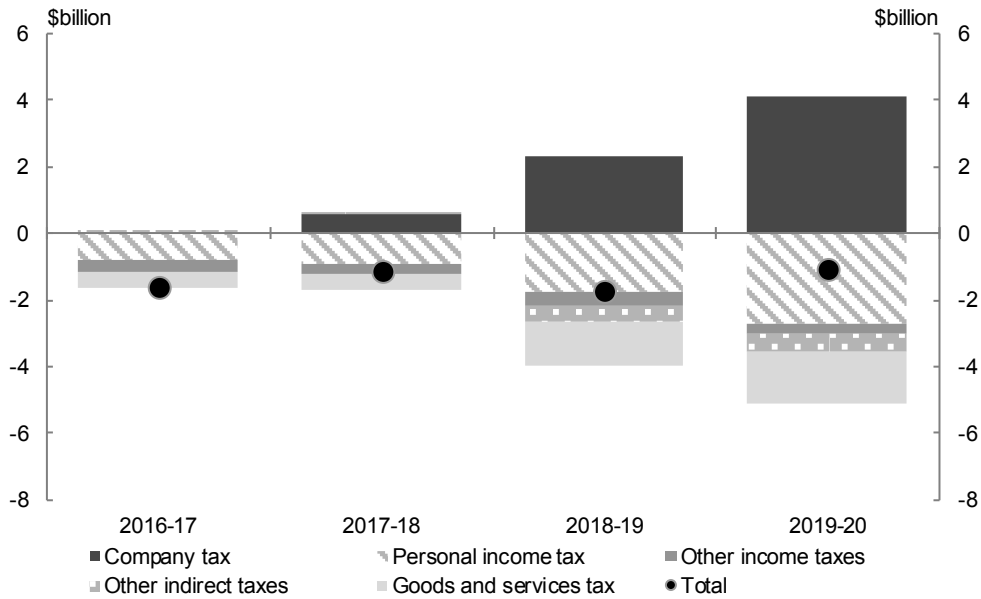
(d) Property income measures income derived from rent, dividends and interest.

na not applicable.

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Since the 2016-17 MYEFO, parameter and other variations have reduced forecast tax receipts by \$1.6 billion in 2016-17, \$1.1 billion in 2017-18 and \$5.5 billion over the four years to 2019-20 (Chart 2). Excluding GST, parameter and other variations have reduced forecast tax receipts by \$1.1 billion in 2016-17, \$650 million in 2017-18 and \$1.7 billion over the four years to 2019-20.

**Chart 2: Parameter and other variations to tax receipts since the 2016-17 MYEFO**



Source: Treasury.

In aggregate, tax receipts are expected to grow by 4.2 per cent in 2016-17 and 7.2 per cent in 2017-18. The contributors to growth are income taxes and indirect taxes, reflecting growth in wages, profits and consumption.

Many jurisdictions including Australia have identified challenges confronting traditional tax bases – primarily personal and corporate income tax – and their ability to raise revenues into the future. Part of the problem may arise from Black Economy issues, which the Government is tackling in this Budget, but there are a number of other structural factors at work. The ageing population and changes in the nature of the global economy – the digital economy, customer direct purchases of foreign goods, intangible income, and highly mobile investment – will continue to put a strain on our tax system. Other issues arise from the trajectory of wage and profit shares over the forecast period and beyond, as discussed in Box 1. While many countries are facing similar issues, our heavy reliance on both corporate and individual income tax at the Commonwealth level heightens the impacts for Australia.

### Individuals and other withholding taxation receipts

Gross income tax withholding (ITW) receipts are forecast to grow by 2.9 per cent in 2016-17 and 4.7 per cent in 2017-18. Compared with the 2016-17 MYEFO, ITW receipts are expected to be \$700 million lower in 2016-17, \$1.8 billion lower in 2017-18 and \$4.3 billion lower over the four years to 2019-20. Excluding new policy, ITW receipts are expected to be \$750 million lower in 2016-17, \$2.1 billion lower in 2017-18 and \$8.6 billion lower over the four years to 2019-20. The reduction over the four years to 2019-20 is primarily due to downward revisions to aggregate wages forecasts, partly offset by the policy decision to increase the Medicare levy by half a percentage point from 1 July 2019.

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 4.7 per cent in 2016-17 and 6.9 per cent in 2017-18. Compared with the 2016-17 MYEFO, receipts are expected to be around \$700 million lower in 2016-17, \$700 million higher in 2017-18 and \$1.6 billion higher over the four years to 2019-20. The downward revision in 2016-17 is a result of lower-than-expected collections in 2016-17. This has been more than offset by higher expected growth in unincorporated business income over the forward estimates.

Income tax refunds for individuals, which have a negative effect on receipts, are expected to grow by 0.8 per cent in 2016-17 and 2.5 per cent in 2017-18. Relative to the 2016-17 MYEFO, forecast refunds are \$600 million lower (an increase in overall tax receipts) in 2016-17, \$550 million lower in 2017-18 and \$800 million lower over the four years to 2019-20.

Table 5 presents total revenue attributable to the Medicare levy. This includes a component of other taxes, such as fringe benefits tax, that are usually increased in line with the effective top marginal rate, inclusive of the Medicare levy. These figures include the impact of increasing the Medicare levy by half a percentage point from 2 to 2.5 per cent of taxable income from 1 July 2019, to support the full funding of the National Disability Insurance Scheme (NDIS).

**Table 5: Revenue attributable to the Medicare levy<sup>(a)</sup>**

	Estimates			Projections		Total
	2016-17	2017-18	2018-19	2019-20	2020-21	
	\$m	\$m	\$m	\$m	\$m	\$m
Medicare levy	15,260	15,820	16,600	21,760	22,990	92,430
Other taxes	310	320	330	430	460	1,850
<b>Total</b>	<b>15,570</b>	<b>16,140</b>	<b>16,930</b>	<b>22,190</b>	<b>23,450</b>	<b>94,280</b>

(a) Reported on an income year basis.

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Table 6 demonstrates the Government's commitment to both supporting the NDIS and guaranteeing Medicare. The Government will continue to credit the DisabilityCare Australia Fund with revenue raised from the 1 July 2014 increase in the Medicare levy of half a percentage point. To secure the Commonwealth's contribution to funding the NDIS, from 1 July 2019 the Medicare levy will increase by half a percentage point from 2 to 2.5 per cent of taxable income. One-fifth of the revenue raised by the Medicare levy will be credited to the NDIS Savings Fund to ensure the Commonwealth's NDIS contribution is fully funded.

In this Budget the Government is also establishing a Medicare Guarantee Fund from 1 July 2017 to secure the ongoing funding of the Medicare Benefits Schedule (MBS) and the Pharmaceutical Benefits Scheme (PBS). The Fund will be credited with revenue generated from the Medicare levy (excluding amounts to fund the NDIS), as well as a portion of personal income tax receipts to meet the cost of essential health care provided under the MBS and PBS.

Further details are set out in Budget Statement 3.

**Table 6: How revenue from the Medicare levy is used<sup>(a)</sup>**

	Estimates			Projections		Total \$m
	2016-17 \$m	2017-18 \$m	2018-19 \$m	2019-20 \$m	2020-21 \$m	
DisabilityCare Australia Fund	3,890	4,040	4,230	4,440	4,690	21,290
NDIS Savings Fund	-	-	-	4,440	4,690	9,130
Remaining Medicare levy revenue <sup>(b)</sup>	11,680	12,100	12,700	13,310	14,070	63,860
<b>Total</b>	<b>15,570</b>	<b>16,140</b>	<b>16,930</b>	<b>22,190</b>	<b>23,450</b>	<b>94,280</b>

(a) Includes other taxes associated with the Medicare levy.

(b) Available only to the Medicare Guarantee Fund from 2017-18 onwards.

### Fringe benefits tax

Receipts from fringe benefits tax (FBT) are forecast to fall by 0.2 per cent in 2016-17 and 0.5 per cent in 2017-18. Relative to the 2016-17 MYEFO, receipts are expected to be \$90 million lower in 2016-17, \$120 million lower in 2017-18 and \$430 million lower over the four years to 2019-20, consistent with lower expected aggregate wages.

### Company tax

Company tax receipts are forecast to grow by 7.8 per cent in 2016-17 and 14.7 per cent in 2017-18, consistent with increasing corporate profits. Compared with the 2016-17 MYEFO, receipts are expected to be unchanged in 2016-17, \$600 million higher in 2017-18 and \$6.9 billion higher over the four years to 2019-20.

Recent higher mining profits from higher-than-expected commodity prices in 2016-17 are expected to contribute to higher company tax receipts in 2017-18, reflecting delays between when profit is accrued and when company tax is paid. However, the impact of higher mining profitability on tax receipts is tempered by the balance of accumulated losses held by some mining companies – a consequence of a period of

extended deflated commodity prices – which can be used to reduce tax payable in coming years (see Box 2 for a discussion of losses and company tax timing). Improved corporate profitability across the broader economy, as the economy transitions toward broader-based activity, is expected to increase company tax receipts from 2017-18.

### **Superannuation fund taxes**

Tax receipts from superannuation funds are expected to grow by 13.1 per cent in 2016-17 and 9.4 per cent in 2017-18, supported by growth in capital gains with GFC-related capital losses now largely exhausted. Relative to the 2016-17 MYEFO, receipts are expected to be around \$300 million lower in 2016-17, \$250 million lower in 2017-18 and \$950 million lower over the four years to 2019-20. Lower receipts reflect weaker-than-expected collections and weaker wages.

### **Petroleum resource rent tax**

Petroleum resource rent tax (PRRT) receipts are forecast to grow by around 30 per cent in 2016-17 and remain at a similar level in 2017-18. Since the 2016-17 MYEFO, receipts are expected to be \$50 million higher in 2016-17, \$100 million higher in 2017-18 and \$350 million higher over the four years to 2019-20. The revision to PRRT is consistent with higher Australian dollar oil prices.

PRRT liabilities depend on prices and volumes of the relevant commodities as well as deductions for expenditure, particularly capital expenditure which is immediately deductible. Expenditure deductions can be uplifted and carried forward to future years, so there can be long delays between a project starting production and having to pay PRRT. In a given year, projects may not pay PRRT if their pool of deductible expenditure exceeds their PRRT income.

On 30 November 2016, the Government announced an independent review into the operation of the PRRT, crude oil excise and associated Commonwealth royalties. The report was released on 28 April 2017 and is available on the Treasury website.

The Government has accepted the recommendation of the report for further consultation prior to providing a considered response later in the year.

### **Goods and services tax**

Receipts from GST are forecast to grow by 3.5 per cent in 2016-17 and 5.2 per cent in 2017-18. Compared with the 2016-17 MYEFO, receipts are expected to be around \$500 million lower in 2016-17, \$400 million lower in 2017-18 and \$2.5 billion lower over the four years to 2019-20. Excluding new policy, receipts are expected to be around \$500 million lower in 2016-17, \$460 million lower in 2017-18 and \$3.9 billion lower over the four years to 2019-20. Lower receipts reflect weaker-than-expected collections, lower nominal consumption and, in 2018-19, a forecast fall in dwelling investment. This is partly offset by the decision to require purchasers of newly constructed residential properties or new subdivisions to remit the GST directly to the Australian Taxation Office as part of settlement.

### **Excise and customs duty**

Excise and customs duty receipts are forecast to grow by 0.6 per cent in 2016-17 and 3.5 per cent in 2017-18. As noted in the 2016-17 MYEFO, excise and customs duties continue to be affected by the phasing-in of tariff cuts as part of free trade agreements. This has been offset by strong growth in tobacco excise as a result of the increase in the excise rate and strong growth in diesel excise.

Since the 2016-17 MYEFO, receipts are broadly unchanged in 2016-17, \$110 million higher in 2017-18 and \$600 million lower over the four years to 2019-20, partly reflecting lower expected customs duty.

### **Other sales taxes**

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

WET receipts are forecast to fall by 1.6 per cent in 2016-17 and grow by 6.0 per cent in 2017-18. Since the 2016-17 MYEFO, forecast WET receipts have been revised down by \$160 million over the four years to 2019-20, consistent with weaker-than-expected collections.

LCT receipts are forecast to grow by 7.9 per cent in 2016-17, consistent with strong sales of vehicles subject to LCT. Since the 2016-17 MYEFO, forecast LCT receipts are unchanged over the four years to 2019-20.

### **Other taxes**

Other taxes, which includes the major bank levy and agricultural levies, are forecast to grow by 2.5 per cent in 2016-17 and 22.3 per cent in 2017-18. Since the 2016-17 MYEFO, other taxes are around \$110 million higher in 2016-17, \$1.2 billion higher in 2017-18 and \$5.7 billion higher over the four years to 2019-20. The upward revision over the four years to 2019-20 largely reflects the policy decision to introduce a major bank levy and a *Skilling Australians Fund* levy.

### **Non-taxation receipts**

Since the 2016-17 MYEFO, non-taxation receipts have remained broadly unchanged in 2016-17. Non-taxation receipts have been revised up by \$1.6 billion in 2017-18, largely reflecting an upward revision to projected dividend receipts from the Reserve Bank of Australia.

Non-taxation receipts (including Future Fund earnings) are expected to grow by 14.3 per cent in 2016-17, largely reflecting increased 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. Non-taxation receipts are expected to grow by 2.3 per cent in 2017-18, primarily due to further increased State and Territory Government contributions to the NDIS.

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The changes in the individual heads of revenue relative to the 2016-17 MYEFO are shown in Table 7 and Table 8 for 2016-17 and 2017-18 respectively.

Table 9 shows the Australian Government general government cash receipts from 2015-16 to 2020-21 by head of revenue.

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**Table 7: 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	179,200	178,500	-700	-0.4
Gross other individuals	44,400	43,700	-700	-1.6
<i>less: Refunds</i>	28,900	28,300	-600	-2.1
Total individuals and other withholding tax	194,700	193,900	-800	-0.4
Fringe benefits tax	4,450	4,360	-90	-2.0
Company tax	67,800	67,800	0	0.0
Superannuation fund taxes	8,030	7,730	-300	-3.7
Petroleum resource rent tax(a)	950	1,000	50	5.3
<b>Income taxation receipts</b>	<b>275,930</b>	<b>274,790</b>	<b>-1,140</b>	<b>-0.4</b>
Goods and services tax	59,953	59,454	-499	-0.8
Wine equalisation tax	880	840	-40	-4.5
Luxury car tax	630	650	20	3.2
Excise and customs duty				
Petrol	6,200	6,100	-100	-1.6
Diesel	9,960	10,230	270	2.7
Other fuel products	1,940	1,900	-40	-2.1
Tobacco	10,670	10,690	20	0.2
Beer	2,400	2,350	-50	-2.1
Spirits	2,120	2,050	-70	-3.3
Other alcoholic beverages(b)	930	920	-10	-1.1
Other customs duty				
Textiles, clothing and footwear	300	270	-30	-10.0
Passenger motor vehicles	500	500	0	0.0
Other imports	1,050	1,050	0	0.0
<i>less: Refunds and drawbacks</i>	420	420	0	0.0
Total excise and customs duty	35,650	35,640	-10	0.0
Major bank levy	-	-	-	-
Agricultural levies	519	532	12	2.4
Other taxes	5,193	5,295	102	2.0
<b>Indirect taxation receipts</b>	<b>102,826</b>	<b>102,411</b>	<b>-415</b>	<b>-0.4</b>
<b>Taxation receipts</b>	<b>378,756</b>	<b>377,201</b>	<b>-1,555</b>	<b>-0.4</b>
Sales of goods and services	8,766	8,786	20	0.2
Interest received	2,990	3,003	13	0.4
Dividends	5,828	5,820	-9	-0.1
Other non-taxation receipts	11,010	10,914	-96	-0.9
<b>Non-taxation receipts</b>	<b>28,594</b>	<b>28,523</b>	<b>-72</b>	<b>-0.3</b>
<b>Total receipts</b>	<b>407,350</b>	<b>405,724</b>	<b>-1,626</b>	<b>-0.4</b>
<i>Memorandum:</i>				
<i>Total excise</i>	21,390	21,550	160	0.7
<i>Total customs duty</i>	14,260	14,090	-170	-1.2
<i>Capital gains tax(c)</i>	12,000	12,700	700	5.8

(a) This item includes a small amount of MRRT receipts relating to a pre-2013-14 income year which cannot be separately disclosed owing to taxpayer confidentiality.

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

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



**Table 8: Reconciliation of 2017-18 general government (cash) receipts**

	Estimates		Change on MYEFO	
	MYEFO \$m	Budget \$m	\$m	%
Individuals and other withholding taxes				
Gross income tax withholding	188,700	186,900	-1,800	-1.0
Gross other individuals	46,000	46,700	700	1.5
less: Refunds	29,550	29,000	-550	-1.9
Total individuals and other withholding tax	205,150	204,600	-550	-0.3
Fringe benefits tax	4,460	4,340	-120	-2.7
Company tax	77,200	77,800	600	0.8
Superannuation fund taxes	8,710	8,460	-250	-2.9
Petroleum resource rent tax	900	1,000	100	11.1
<b>Income taxation receipts</b>	<b>296,420</b>	<b>296,200</b>	<b>-220</b>	<b>-0.1</b>
Goods and services tax	62,960	62,558	-402	-0.6
Wine equalisation tax	930	890	-40	-4.3
Luxury car tax	640	650	10	1.6
Excise and customs duty				
Petrol	6,400	6,250	-150	-2.3
Diesel	10,360	10,630	270	2.6
Other fuel products	1,940	1,920	-20	-1.0
Tobacco	11,440	11,610	170	1.5
Beer	2,450	2,390	-60	-2.4
Spirits	2,180	2,130	-50	-2.3
Other alcoholic beverages(a)	960	950	-10	-1.0
Other customs duty				
Textiles, clothing and footwear	240	170	-70	-29.2
Passenger motor vehicles	500	470	-30	-6.0
Other imports	720	780	60	8.3
less: Refunds and drawbacks	420	420	0	0.0
Total excise and customs duty	36,770	36,880	110	0.3
Major bank levy	-	1,200	1,200	-
Agricultural levies	518	537	19	3.6
Other taxes	5,363	5,387	24	0.5
<b>Indirect taxation receipts</b>	<b>107,181</b>	<b>108,102</b>	<b>921</b>	<b>0.9</b>
<b>Taxation receipts</b>	<b>403,601</b>	<b>404,302</b>	<b>701</b>	<b>0.2</b>
Sales of goods and services	11,698	11,497	-201	-1.7
Interest received	3,166	3,233	67	2.1
Dividends	3,370	3,996	626	18.6
Other non-taxation receipts	9,398	10,465	1,067	11.4
<b>Non-taxation receipts</b>	<b>27,632</b>	<b>29,191</b>	<b>1,560</b>	<b>5.6</b>
<b>Total receipts</b>	<b>431,233</b>	<b>433,494</b>	<b>2,261</b>	<b>0.5</b>
<i>Memorandum:</i>				
<i>Total excise</i>	22,070	22,180	110	0.5
<i>Total customs duty</i>	14,700	14,700	0	0.0
<i>Capital gains tax(b)</i>	14,100	15,500	1,400	9.9

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

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

Statement 5: Revenue

**Table 9: Australian Government general government (cash) receipts**

	Actual		Estimates		Projections	
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
	\$m	\$m	\$m	\$m	\$m	\$m
Individuals and other withholding taxes						
Gross income tax withholding	173,436	178,500	186,900	198,500	214,500	229,700
Gross other individuals	41,746	43,700	46,700	49,300	53,600	57,800
less: Refunds	28,081	28,300	29,000	30,900	32,700	34,400
Total individuals and other withholding tax	187,101	193,900	204,600	216,900	235,400	253,100
Fringe benefits tax	4,368	4,360	4,340	4,430	4,780	5,040
Company tax	62,897	67,800	77,800	84,600	91,600	95,000
Superannuation fund taxes	6,834	7,730	8,460	9,460	10,660	12,060
Petroleum resource rent tax(a)	741	1,000	1,000	1,000	1,000	1,000
<b>Income taxation receipts</b>	<b>261,941</b>	<b>274,790</b>	<b>296,200</b>	<b>316,390</b>	<b>343,440</b>	<b>366,200</b>
Goods and services tax	57,457	59,454	62,558	65,831	67,925	71,813
Wine equalisation tax	854	840	890	990	1,050	1,090
Luxury car tax	602	650	650	640	690	720
Excise and customs duty						
Petrol	6,150	6,100	6,250	6,400	6,900	7,150
Diesel	9,726	10,230	10,630	11,130	11,880	12,330
Other fuel products	2,115	1,900	1,920	1,920	2,030	2,070
Tobacco	9,816	10,690	11,610	12,720	13,920	15,190
Beer	2,373	2,350	2,390	2,470	2,580	2,670
Spirits	2,068	2,050	2,130	2,210	2,300	2,410
Other alcoholic beverages(b)	912	920	950	980	1,020	1,050
Other customs duty						
Textiles, clothing and footwear	498	270	170	170	170	170
Passenger motor vehicles	614	500	470	480	510	560
Other imports	1,589	1,050	780	780	800	840
less: Refunds and drawbacks	436	420	420	420	420	420
Total excise and customs duty	35,424	35,640	36,880	38,840	41,690	44,020
Major bank levy	-	-	1,200	1,600	1,700	1,800
Agricultural levies	517	532	537	533	537	546
Other taxes	5,167	5,295	5,387	5,923	6,163	6,299
<b>Indirect taxation receipts</b>	<b>100,021</b>	<b>102,411</b>	<b>108,102</b>	<b>114,357</b>	<b>119,755</b>	<b>126,288</b>
<b>Taxation receipts</b>	<b>361,962</b>	<b>377,201</b>	<b>404,302</b>	<b>430,747</b>	<b>463,195</b>	<b>492,488</b>
Sales of goods and services	7,592	8,786	11,497	14,600	15,511	15,694
Interest received	2,936	3,003	3,233	3,840	4,442	4,898
Dividends	5,540	5,820	3,996	3,637	4,323	4,829
Other non-taxation receipts	8,895	10,914	10,465	9,675	9,436	8,413
<b>Non-taxation receipts</b>	<b>24,962</b>	<b>28,523</b>	<b>29,191</b>	<b>31,752</b>	<b>33,712</b>	<b>33,834</b>
<b>Total receipts</b>	<b>386,924</b>	<b>405,724</b>	<b>433,494</b>	<b>462,500</b>	<b>496,908</b>	<b>526,322</b>
<i>Memorandum:</i>						
Total excise	21,492	21,550	22,180	22,930	24,460	25,310
Total customs duty	13,932	14,090	14,700	15,910	17,230	18,710
Capital gains tax(c)	11,000	12,700	15,500	16,800	18,400	20,500

(a) This item includes a small amount of MRRT receipts relating to a pre-2013-14 income year which cannot be separately disclosed owing to taxpayer confidentiality.

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

(c) 'Capital gains tax' is part of gross other individuals, company tax and superannuation fund taxes. The 2015-16 reported figure is an estimate.

**Box 1: How tax receipts are affected by wage and profit income**

The amount of tax collected each year depends on both the size and composition of national income. Most income is ultimately earned either as wages or business profits. The relative shares of wages and profits have varied significantly over the last twenty years (Chart 3), as the profit share of income has tended to track with commodity prices. In 2016-17 the profit share would appear to have sharply increased again as a result of increases in commodity prices, particularly for coal. The profit share is expected to decrease over the forward estimates – but not to its 2015-16 level – as key commodity prices are assumed to decline from their recent averages.



(a) The wage share includes compensation of employees. The profit share includes private corporate gross operating surplus and gross mixed income. 2016-17 is an estimate. Source: ABS Cat. No. 5206.0.

Generally, relatively more tax is collected in the short term as the wage share increases. There are four main reasons for this.

First, wages are subject to a progressive income tax scale, such that the associated tax will grow by more than the growth in wages. Secondly, businesses may access deductions related to their capital investments, such as depreciation, particularly in the mining sector. Thirdly, there are significant differences in the timing of the tax payments, with taxes on wages being paid largely at the time of the income, compared to a time lag between when profit is accrued and when company tax is paid (Box 2). Fourthly, higher wage income also results in higher consumption and superannuation contributions, which are also subject to taxation.

Therefore, when profits rise as a share of the economy and the overall size of the economy remains the same, total tax receipts may fall. By way of a stylised example, if the profit share in 2016-17 was still at the levels of the early-2000s (around 3 percentage points lower) then total tax receipts would be higher by around \$5 billion in 2016-17.

**Box 2: Company tax timing**

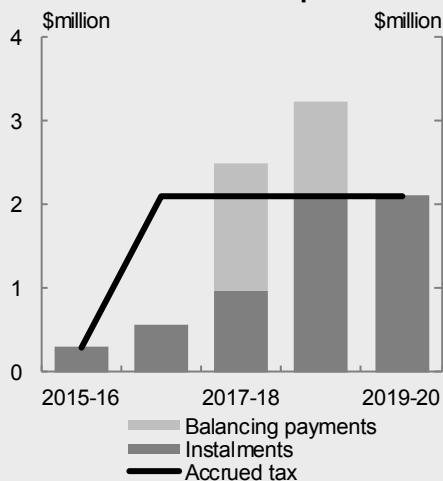
The design of the company tax payments system means that there may be significant delays between companies accruing profit and paying the associated tax liability. For example, in 2011-12 company tax grew by 18 per cent while corporate gross operating profits grew by only 5 per cent in that year but by 11 per cent the previous year. Two key reasons for the delays are the operation of the instalment system and deducting prior year losses.

A company pays monthly tax instalments, calculated using the company’s ordinary business income (‘turnover’) multiplied by a rate determined from the company’s last assessed tax return, and a balancing payment around six months after their reporting year ends which is the difference between the sum of instalments already paid and their final tax liability.

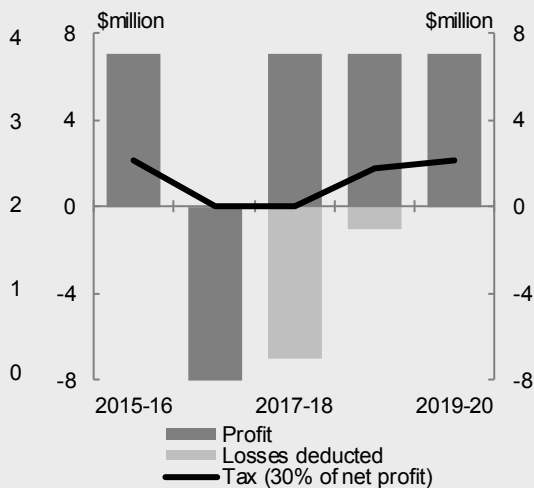
Because the company’s tax instalments are determined from its turnover, rather than its profit, if profitability increases then the instalments paid may not cover the final tax liability. As a result, a large balancing payment may be required in the following year. Therefore, there can be significant delays between increases in income and payment of the tax liability. This situation is illustrated in Chart 4. For a more detailed example see *Mid-Year Economic and Fiscal Outlook 2016-17, Part 3, Box C*.

Turning to company tax losses, if a company makes a loss, then the loss can be used in a later year to offset income. Chart 5 illustrates a company that makes a large loss in 2016-17, which is then used to completely offset its taxable income in 2017-18 and partially offset its taxable income in 2018-19. By 2019-20 the company has exhausted its stock of losses and resumes paying tax on its full profit. Deductibility of prior year losses is particularly important for companies that incur substantial costs before income is earned, such as in the mining industry.

**Chart 4: Lags between accrued tax and tax receipts**



**Chart 5: Using prior-year losses to offset taxable income**



## 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 10 provides a reconciliation of the Budget's revenue estimates with those at the 2016-17 MYEFO.

**Table 10: Reconciliation of Australian Government general government revenue estimates from the 2016-17 MYEFO**

	Estimates			Projections	Total
	2016-17	2017-18	2018-19	2019-20	
	\$m	\$m	\$m	\$m	\$m
<b>Revenue at 2016-17 MYEFO</b>	<b>411,112</b>	<b>441,223</b>	<b>473,062</b>	<b>502,699</b>	<b>1,828,096</b>
<b>Changes from 2016-17 MYEFO to 2017-18 Budget</b>					
Effect of policy decisions(a)	0	2,840	3,238	7,680	13,758
Effect of parameter and other variations	979	351	-201	440	1,570
<b>Total variations</b>	<b>979</b>	<b>3,191</b>	<b>3,037</b>	<b>8,120</b>	<b>15,328</b>
<b>Revenue at 2017-18 Budget</b>	<b>412,091</b>	<b>444,414</b>	<b>476,099</b>	<b>510,819</b>	<b>1,843,423</b>

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

Since the 2016-17 MYEFO, total revenue has been revised up by around \$980 million in 2016-17, \$3.2 billion in 2017-18 and \$15.3 billion over the four years to 2019-20. The factors affecting revisions to tax receipts are also at play with regards to revenue. Higher-than-expected net receivables in 2016-17 have contributed to the upward revisions to total revenue.

The changes to individual heads of revenue accrual estimates since the 2016-17 MYEFO are shown in Tables 11 and 12. For the five year accrual table, the accrual equivalent of Table 9, see Budget Statement 10, Note 3.

Additional revenue and receipts historical tables are available online and can be accessed at [www.budget.gov.au](http://www.budget.gov.au).

Statement 5: Revenue

**Table 11: 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	180,680	180,150	-530	-0.3
Gross other individuals	46,700	46,730	30	0.1
less: Refunds	28,900	28,300	-600	-2.1
Total individuals and other withholding tax	198,480	198,580	100	0.1
Fringe benefits tax	4,540	4,450	-90	-2.0
Company tax	68,700	68,900	200	0.3
Superannuation fund taxes	8,080	7,760	-320	-4.0
Petroleum resource rent tax(a)	920	1,050	130	14.1
<b>Income taxation revenue</b>	<b>280,720</b>	<b>280,740</b>	<b>20</b>	<b>0.0</b>
Goods and services tax	62,410	62,220	-190	-0.3
Wine equalisation tax	910	870	-40	-4.4
Luxury car tax	640	660	20	3.1
Excise and customs duty				
Petrol	6,210	6,100	-110	-1.8
Diesel	9,970	10,240	270	2.7
Other fuel products	1,940	1,900	-40	-2.1
Tobacco	10,670	10,690	20	0.2
Beer	2,400	2,350	-50	-2.1
Spirits	2,120	2,050	-70	-3.3
Other alcoholic beverages(b)	930	920	-10	-1.1
Other customs duty				
Textiles, clothing and footwear	300	270	-30	-10.0
Passenger motor vehicles	500	500	0	0.0
Other imports	1,050	1,050	0	0.0
less: Refunds and drawbacks	420	420	0	0.0
Total excise and customs duty	35,670	35,650	-20	-0.1
Major bank levy	-	-	-	-
Agricultural levies	519	532	12	2.4
Other taxes	5,476	5,501	25	0.4
<b>Indirect taxation revenue</b>	<b>105,625</b>	<b>105,432</b>	<b>-193</b>	<b>-0.2</b>
<b>Taxation revenue</b>	<b>386,345</b>	<b>386,172</b>	<b>-173</b>	<b>0.0</b>
Sales of goods and services	8,905	8,894	-11	-0.1
Interest	3,771	3,753	-18	-0.5
Dividends	2,687	3,653	966	36.0
Other non-taxation revenue	9,404	9,618	214	2.3
<b>Non-taxation revenue</b>	<b>24,767</b>	<b>25,919</b>	<b>1,152</b>	<b>4.6</b>
<b>Total revenue</b>	<b>411,112</b>	<b>412,091</b>	<b>979</b>	<b>0.2</b>
<i>Memorandum:</i>				
Total excise	21,410	21,560	150	0.7
Total customs duty	14,260	14,090	-170	-1.2
Capital gains tax(c)	12,000	12,700	700	5.8

(a) This item includes a small amount of MRRT revenue relating to a pre-2013-14 income year which cannot be separately disclosed owing to taxpayer confidentiality.

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

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

**Table 12: Reconciliation of 2017-18 general government (accrual) revenue**

	Estimates		Change on MYEFO	
	MYEFO \$m	Budget \$m	\$m	%
Individuals and other withholding taxes				
Gross income tax withholding	190,320	188,750	-1,570	-0.8
Gross other individuals	48,560	49,860	1,300	2.7
<i>less: Refunds</i>	29,550	29,000	-550	-1.9
Total individuals and other withholding tax	209,330	209,610	280	0.1
Fringe benefits tax	4,550	4,430	-120	-2.6
Company tax	78,600	79,400	800	1.0
Superannuation fund taxes	8,790	8,540	-250	-2.8
Petroleum resource rent tax	890	990	100	11.2
<b>Income taxation revenue</b>	<b>302,160</b>	<b>302,970</b>	<b>810</b>	<b>0.3</b>
Goods and services tax	65,680	65,710	30	0.0
Wine equalisation tax	940	900	-40	-4.3
Luxury car tax	640	650	10	1.6
Excise and customs duty				
Petrol	6,410	6,250	-160	-2.5
Diesel	10,370	10,640	270	2.6
Other fuel products	1,940	1,920	-20	-1.0
Tobacco	11,440	11,610	170	1.5
Beer	2,450	2,390	-60	-2.4
Spirits	2,180	2,130	-50	-2.3
Other alcoholic beverages(a)	960	950	-10	-1.0
Other customs duty				
Textiles, clothing and footwear	240	170	-70	-29.2
Passenger motor vehicles	520	490	-30	-5.8
Other imports	730	790	60	8.2
<i>less: Refunds and drawbacks</i>	420	420	0	0.0
Total excise and customs duty	36,820	36,920	100	0.3
Major bank levy	-	1,600	1,600	-
Agricultural levies	518	537	19	3.6
Other taxes	6,083	6,141	57	0.9
<b>Indirect taxation revenue</b>	<b>110,682</b>	<b>112,458</b>	<b>1,776</b>	<b>1.6</b>
<b>Taxation revenue</b>	<b>412,842</b>	<b>415,428</b>	<b>2,586</b>	<b>0.6</b>
Sales of goods and services	11,737	11,496	-241	-2.1
Interest	4,322	4,397	75	1.7
Dividends	3,294	3,517	223	6.8
Other non-taxation revenue	9,028	9,578	550	6.1
<b>Non-taxation revenue</b>	<b>28,381</b>	<b>28,987</b>	<b>606</b>	<b>2.1</b>
<b>Total revenue</b>	<b>441,223</b>	<b>444,414</b>	<b>3,191</b>	<b>0.7</b>
<i>Memorandum:</i>				
<i>Total excise</i>	22,090	22,190	100	0.5
<i>Total customs duty</i>	14,730	14,730	0	0.0
<i>Capital gains tax(b)</i>	14,100	15,500	1,400	9.9

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

(b) '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, 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 by a change of policy. 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 2016 TES was published in January 2017 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 2016 TES and does not include the impact of decisions in this Budget on tax expenditures. Further information on tax expenditures is available in the 2016 TES.



**Table A1: Estimates of large measured tax expenditures**

Tax expenditure	Estimate \$m			
	2017-18	2018-19	2019-20	2020-21
<b>Large positive tax expenditures</b>				
E6 Capital gains tax main residence exemption — discount component	34,500	34,500	36,000	36,000
E5 Capital gains tax main residence exemption	28,500	29,000	30,000	30,000
C4 Concessional taxation of superannuation entity earnings	17,700	20,650	24,050	26,500
C2 Concessional taxation of employer superannuation contributions	16,200	17,800	18,800	20,000
E13 Capital gains tax discount for individuals and trusts	11,080	11,310	12,090	13,060
H28 GST — Food	7,200	7,500	7,800	8,100
H16 GST — Education	4,850	5,250	5,700	6,200
H19 GST — Health — medical and health services	4,300	4,600	4,900	5,250
H2 GST — Financial supplies — input taxed treatment	3,700	3,900	4,200	4,450
A24 Concessional taxation of non-superannuation termination benefits	2,500	2,400	2,300	2,150
B12 Exemption from interest withholding tax on certain securities	2,310	2,310	2,310	2,310
A40 Exemption of Family Tax Benefit payments	2,100	2,110	2,070	2,090
A19 Medicare levy exemption for residents with taxable income below the low-income thresholds	2,090	2,160	2,230	2,300
B2 Local government bodies income tax exemption	2,130	2,410	2,730	3,080
A17 Exemption of the Private Health Insurance Rebate	1,580	1,650	1,750	1,770
A27 Exemption of Child Care Assistance payments	1,745	2,420	2,460	2,485
D14 Exemption for public benevolent institutions (excluding hospitals)	1,600	1,700	1,800	1,900
D10 Exemption for public and not-for-profit hospitals and public ambulance services	1,550	1,650	1,750	1,850
H5 GST — Child care services	1,560	1,840	2,030	2,240
A54 Philanthropy — deduction for gifts to deductible gift recipients	1,350	1,410	1,460	1,510
F7 Concessional rate of excise levied on aviation gasoline and aviation turbine fuel	1,330	1,400	1,510	1,560
B73 Capital works expenditure deduction	1,240	1,320	1,410	1,495
H20 GST — Health — residential care, community care and other care services	1,230	1,320	1,410	1,510
B50 Lower company tax rate	1,300	1,600	1,800	2,200
<b>Large negative tax expenditures</b>				
F11 Higher rate of excise levied on cigarettes not exceeding 0.8 grams of tobacco	-2,420	-2,645	-2,925	-3,210
F23 Customs duty	-1,060	-1,170	-1,340	-1,500