

## STATEMENT 5: REVENUE

Compared with the 2017-18 MYEFO, the 2018-19 Budget forecasts for tax receipts have been revised up by \$12.0 billion over the four years from 2018-19 to 2021-22, mainly reflecting an improved labour market outlook. Parameter and other variations are expected to increase forecast tax receipts by \$25.9 billion over the four years, partly offset by policy decisions. Excluding GST, forecast tax receipts, including new policy, have been revised up by \$5.8 billion over the four years to 2021-22.

The strengthening Australian economy has provided for an improved labour market outlook, and mining profitability has improved on the back of higher commodity prices in 2017-18. Stronger forecasts for employment since the 2017-18 MYEFO have contributed to higher forecasts for total individuals and other withholding taxes of \$13.3 billion over the four years to 2021-22, excluding new policy. Improved mining profitability is expected to increase forecasts for company taxes by \$3.7 billion over the four years, excluding new policy, with particular strength in 2018-19. In addition to stronger-than-expected tax collections in the current year, higher forecasts for household consumption provide support for the upward revisions to GST of \$4.5 billion and excise and customs duty of \$2.8 billion over the four years, excluding new policy.

Policy decisions are expected to decrease forecast tax receipts by \$13.9 billion over the four years to 2021-22. This largely reflects the Government's Personal Income Tax Plan and the policy of retaining the Medicare levy rate at 2 per cent, partly offset by the measure *Combatting Illicit Tobacco*.

In 2018-19, tax receipts as a share of GDP are expected to be 23.1 per cent, higher than the 2017-18 MYEFO estimate. Tax receipts as a share of GDP are expected to reach levels just shy of the 23.9 per cent cap by 2021-22, the last year of the forward estimates. Tax receipts as a share of GDP then remain below 23.9 per cent in the medium term until 2026-27.



# CONTENTS

<b>Overview .....</b>	<b>5-5</b>
<b>Tax outlook .....</b>	<b>5-6</b>
<b>Variations in receipts estimates .....</b>	<b>5-8</b>
<b>Variations in revenue estimates .....</b>	<b>5-19</b>
<b>Appendix A: Tax Benchmarks and Variations Statement.....</b>	<b>5-22</b>



# STATEMENT 5: REVENUE

## OVERVIEW

Since the 2017-18 MYEFO, expected tax receipts, including new policy, have been revised up by \$8.2 billion in 2018-19 and \$12.0 billion over the four years to 2021-22. Excluding GST, tax receipts have been revised up by \$6.6 billion in 2018-19 and \$5.8 billion over the four years to 2021-22, 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 9.8 per cent in 2017-18 and 5.8 per cent in 2018-19 (Table 1). Tax receipts are expected to grow in line with a strengthening Australian economy and higher aggregate wages and inflation over the forward estimates. Total tax receipts as a share of GDP are expected to increase from 23.1 per cent in 2018-19 to just shy of 23.9 per cent by 2021-22, an increase of 0.8 percentage points. Compared with the 2017-18 MYEFO, the tax-to-GDP ratio is forecast to be higher in 2017-18 and 2018-19 and lower in 2019-20 and 2020-21.

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

	Actual	Estimates			Projections	
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
<b>Total taxation receipts (\$b)</b>	<b>379.3</b>	<b>416.4</b>	<b>440.5</b>	<b>465.5</b>	<b>491.0</b>	<b>519.6</b>
Growth on previous year (%)	4.7	9.8	5.8	5.7	5.5	5.8
Per cent of GDP	21.6	22.7	23.1	23.3	23.6	23.9
<b>Tax receipts excluding GST (\$b)</b>	<b>319.4</b>	<b>352.9</b>	<b>373.2</b>	<b>395.7</b>	<b>417.5</b>	<b>442.3</b>
Growth on previous year (%)	4.7	10.5	5.7	6.0	5.5	5.9
Per cent of GDP	18.2	19.2	19.6	19.8	20.0	20.3
<b>Non-taxation receipts (\$b)</b>	<b>30.6</b>	<b>28.8</b>	<b>33.3</b>	<b>38.2</b>	<b>34.4</b>	<b>34.4</b>
Growth on previous year (%)	24.7	-5.9	15.5	14.7	-9.8	-0.2
Per cent of GDP	1.7	1.6	1.7	1.9	1.7	1.6
<b>Total receipts (\$b)</b>	<b>409.9</b>	<b>445.1</b>	<b>473.7</b>	<b>503.7</b>	<b>525.5</b>	<b>554.0</b>
Growth on previous year (%)	5.9	8.6	6.4	6.3	4.3	5.4
Per cent of GDP	23.3	24.3	24.9	25.3	25.2	25.5

## TAX OUTLOOK

Table 2 reconciles the 2018-19 Budget estimates of tax receipts with the 2017-18 Budget and the 2017-18 MYEFO estimates. Since the 2017-18 MYEFO, tax receipts, including new policy, have been revised up by \$8.2 billion in 2018-19 and \$12.0 billion over the four years to 2021-22. Excluding new policy, tax receipts have been revised up by \$8.0 billion in 2018-19 and \$25.9 billion over the four years to 2021-22.

**Table 2: Reconciliation of Australian Government general government taxation receipts estimates from the 2017-18 Budget**

	Estimates			Projections		Total(a)
	2017-18	2018-19	2019-20	2020-21	2021-22	
	\$m	\$m	\$m	\$m	\$m	\$m
<b>Tax receipts at 2017-18 Budget</b>	<b>404,302</b>	<b>430,747</b>	<b>463,195</b>	<b>492,488</b>	*	*
<b>Changes from 2017-18 Budget to 2017-18 MYEFO</b>						
Effect of policy decisions	-46	-248	232	139	*	*
Effect of parameter and other variations	5,094	1,825	-759	-1,122	*	*
<b>Total variations</b>	<b>5,048</b>	<b>1,577</b>	<b>-526</b>	<b>-983</b>	*	*
<b>Tax receipts at 2017-18 MYEFO</b>	<b>409,350</b>	<b>432,324</b>	<b>462,669</b>	<b>491,505</b>	*	*
<b>Changes from 2017-18 MYEFO to 2018-19 Budget</b>						
Effect of policy decisions	0	128	-3,041	-5,375	-5,657	-13,945
Effect of parameter and other variations	7,004	8,028	5,876	4,895	7,118	25,918
<b>Total variations</b>	<b>7,004</b>	<b>8,156</b>	<b>2,835</b>	<b>-479</b>	<b>1,461</b>	<b>11,973</b>
<b>Tax receipts at 2018-19 Budget</b>	<b>416,354</b>	<b>440,480</b>	<b>465,504</b>	<b>491,025</b>	<b>519,595</b>	<b>1,916,605</b>

\* Data is not available.

(a) Total is equal to the sum of amounts from 2018-19 to 2021-22.

The upward revisions to forecast total tax receipts are driven by parameter and other variations, with the strengthening Australian economy creating the conditions for an improved labour market outlook. The largest contribution is from gross income tax withholding, consistent with stronger employment growth in the near term. Improved mining profitability, as a result of higher commodity prices since the 2017-18 MYEFO, has also contributed positively to the upward revision to company tax forecasts, particularly in 2017-18 and 2018-19. Additionally, stronger household consumption forecasts, supported by the stronger labour market outlook and the Government's personal income tax policies, have driven the upward revisions to GST and excise and customs duty. For more details on the economic outlook, see Budget Statement 2.

Policy decisions are expected to decrease forecast tax receipts by \$13.9 billion over the four years to 2021-22. This largely reflects the impact of the Government's Personal Income Tax Plan as well as the policy of retaining the Medicare levy rate at 2 per cent. The reduced tax receipts are partly offset by the measure *Combatting Illicit Tobacco*. For more details on policy decisions, see Budget Statement 1 and Budget Paper No. 2.

Including new policy, total individuals taxes have been revised down by \$9.4 billion over the four years to 2021-22. Company taxes have been revised up by \$5.2 billion over the four years. GST has been revised up by \$6.1 billion over the four years.

The 2018-19 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;
- India FTA – Comprehensive Economic Cooperation Agreement;
- Regional Comprehensive Economic Partnership;
- Australia’s accession to the World Trade Organisation Government Procurement Agreement;
- Indonesia-Australia Comprehensive Economic Partnership Agreement;
- Australia-Hong Kong Free Trade Agreement;
- Pacific Alliance Free Trade Agreement; and
- Australia-European Union Free Trade Agreement.

## VARIATIONS IN RECEIPTS ESTIMATES

Table 3 reconciles the 2018-19 Budget estimates of total receipts, which include non-tax receipts, with the 2017-18 Budget and the 2017-18 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 2017-18 Budget<sup>(a)</sup>**

	Estimates			Projections		Total(b)
	2017-18 \$m	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m	
<b>Receipts at 2017-18 Budget</b>	<b>433,494</b>	<b>462,500</b>	<b>496,908</b>	<b>526,322</b>	*	*
<b>Changes from 2017-18 Budget to 2017-18 MYEFO</b>						
Effect of policy decisions	280	-258	271	72	*	*
Effect of parameter and other variations	3,301	849	-932	-784	*	*
<b>Total variations</b>	<b>3,581</b>	<b>591</b>	<b>-661</b>	<b>-713</b>	*	*
<b>Receipts at 2017-18 MYEFO</b>	<b>437,075</b>	<b>463,091</b>	<b>496,246</b>	<b>525,609</b>	*	*
<b>Changes from 2017-18 MYEFO to 2018-19 Budget</b>						
Effect of policy decisions	29	898	-575	-6,508	-7,512	-13,697
Effect of parameter and other variations	8,042	9,757	7,995	6,357	7,410	31,519
<b>Total variations</b>	<b>8,071</b>	<b>10,655</b>	<b>7,420</b>	<b>-151</b>	<b>-102</b>	<b>17,822</b>
<b>Receipts at 2018-19 Budget</b>	<b>445,146</b>	<b>473,745</b>	<b>503,666</b>	<b>525,458</b>	<b>553,966</b>	<b>2,056,836</b>

\* Data is not available.

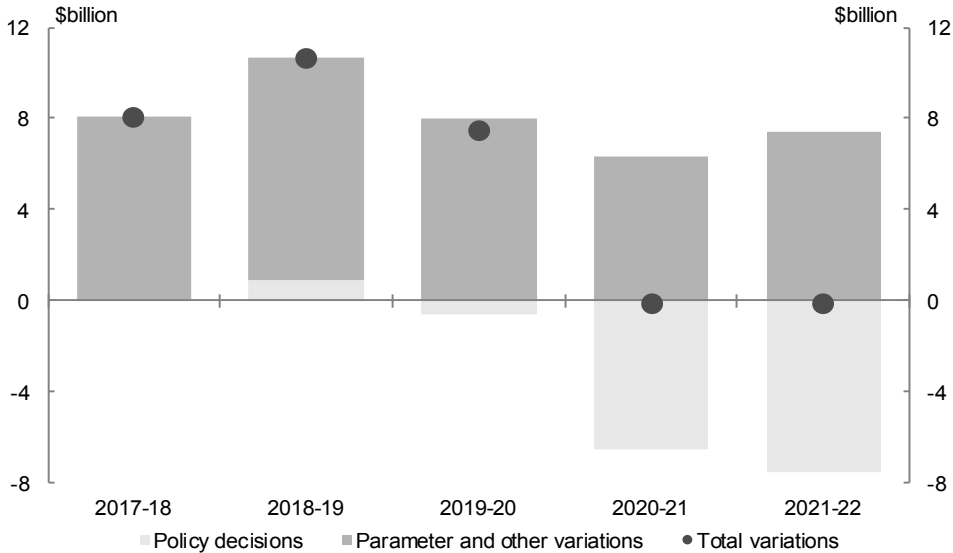
(a) Includes expected Future Fund earnings.

(b) Total is equal to the sum of amounts from 2018-19 to 2021-22.

Since the 2017-18 MYEFO, total receipts have been revised up by \$17.8 billion over the four years to 2021-22, reflecting an upward revision of \$31.5 billion from parameter and other variations and a downward revision of \$13.7 billion from policy decisions. Excluding GST, total receipts have been revised up by \$9.1 billion in 2018-19 and \$11.6 billion over the four years to 2021-22.

Chart 1 shows the contributions to revisions from policy decisions and from parameter and other variations to estimates for total receipts since the 2017-18 MYEFO.



**Chart 1: Revisions to total receipts estimates since the 2017-18 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	
	2017-18	2018-19	2019-20	2020-21	2021-22
<b>Revenue parameters at 2018-19 Budget</b>					
Nominal gross domestic product	4 1/4	3 3/4	4 3/4	4 1/2	4 1/2
<i>Change since 2017-18 MYEFO</i>	3/4	- 1/4	1/4	- 1/4	na
Compensation of employees(b)	4 1/2	4 1/2	4 1/2	4 3/4	5
<i>Change since 2017-18 MYEFO</i>	1/2	1/2	0	- 1/4	na
Corporate gross operating surplus(c)	7	3 1/4	4 1/2	3	3 1/4
<i>Change since 2017-18 MYEFO</i>	1 1/2	- 1/4	1	- 1/4	na
Non-farm gross mixed income	4	3	7 1/4	5 1/2	4 1/4
<i>Change since 2017-18 MYEFO</i>	1	-2 1/4	2 1/4	1/4	na
Property income(d)	4	7 1/4	7 1/2	4 3/4	4 3/4
<i>Change since 2017-18 MYEFO</i>	0	1 1/4	2 3/4	- 1/4	na
Consumption subject to GST	4	4 3/4	5 1/2	5 1/4	5 1/4
<i>Change since 2017-18 MYEFO</i>	3/4	0	0	1/4	na

(a) Current prices, per cent change on previous year. Changes since the 2017-18 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.

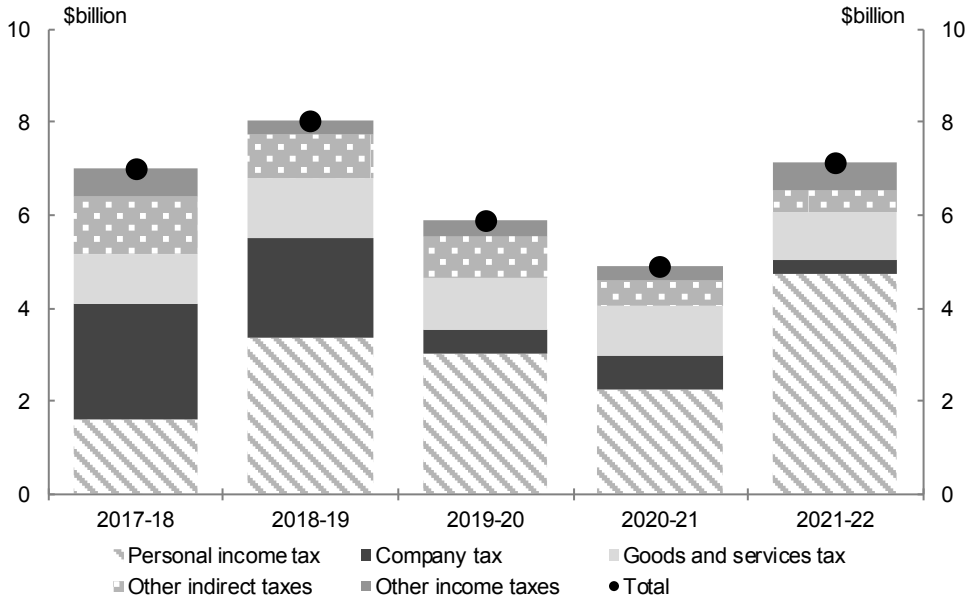
(d) Property income measures income derived from rent, dividends and interest.

na not applicable.

Statement 5: Revenue

Since the 2017-18 MYEFO, parameter and other variations have increased forecast tax receipts by \$7.0 billion in 2017-18, \$8.0 billion in 2018-19 and \$25.9 billion over the four years to 2021-22 (Chart 2). Excluding GST, parameter and other variations have increased forecast tax receipts by \$6.0 billion in 2017-18, \$6.7 billion in 2018-19 and \$21.3 billion over the four years to 2021-22.

**Chart 2: Parameter and other variations to tax receipts since the 2017-18 MYEFO**



Source: Treasury.

In aggregate, tax receipts are expected to grow by 9.8 per cent in 2017-18 and 5.8 per cent in 2018-19. The contributors to growth are income taxes and indirect taxes, reflecting growth in wages, profits and consumption.

## **Individuals and other withholding taxation receipts**

Excluding new policy, gross income tax withholding (ITW) receipts are expected to grow by 6.6 per cent per annum on average over the four years, consistent with an improved labour market outlook. Compared with the 2017-18 MYEFO, ITW receipts, excluding new policy, are expected to be \$2.4 billion higher in 2017-18, \$3.4 billion higher in 2018-19 and \$13.0 billion higher over the four years to 2021-22. The upward revisions are primarily due to stronger-than-expected collections in 2017-18, and higher forecasts for employment growth in the near term providing support to flow through the higher receipts to future years.

Including new policy, ITW receipts are forecast to grow by 6.3 per cent in 2017-18 and 5.9 per cent in 2018-19. Compared with the 2017-18 MYEFO, ITW receipts are expected to be \$2.4 billion higher in 2017-18, \$2.9 billion higher in 2018-19 and \$1.4 billion higher over the four years to 2021-22. These upward revisions are driven by parameter and other variations, partly offset by the impact of the Government's Personal Income Tax Plan and the policy of retaining the Medicare levy rate at 2 per cent, which together reduce total individuals taxes, including ITW, other individuals and refunds by \$25.9 billion over the four years.

Gross other individuals taxes refer 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 3.1 per cent in 2017-18 and 5.7 per cent in 2018-19. Compared with the 2017-18 MYEFO, receipts are expected to be around \$900 million lower in 2017-18, \$200 million lower in 2018-19 and \$5.1 billion lower over the four years to 2021-22. The downward revisions reflect lower-than-expected collections in 2017-18 and the impact of policy decisions to reduce individuals' taxes.

Income tax refunds for individuals, which have a negative effect on receipts, are expected to grow by 2.6 per cent in 2017-18 and 4.8 per cent in 2018-19. Relative to the 2017-18 MYEFO, forecast refunds are \$100 million lower (an increase in overall tax receipts) in 2017-18, \$400 million lower in 2018-19 and \$5.7 billion higher over the four years to 2021-22. The higher refunds from 2019-20 onwards reflect the policy decisions to reduce individuals' taxes.

## **Fringe benefits tax**

Receipts from fringe benefits tax (FBT) are forecast to grow by 0.1 per cent in 2017-18 and 4.2 per cent in 2018-19. Relative to the 2017-18 MYEFO, receipts are expected to be \$50 million higher in 2017-18, \$10 million higher in 2018-19 and \$350 million lower over the four years to 2021-22.

## **Company tax**

Company tax receipts are forecast to grow by 22.1 per cent in 2017-18 and 6.7 per cent in 2018-19. The strong growth in 2017-18 is driven by increasing profits in the mining sector owing to higher commodity prices over 2017-18. There is also a contribution from other sectors, which is consistent with the economy's continued transition to broader-based sources of growth.

Compared with the 2017-18 MYEFO, receipts are expected to be \$2.5 billion higher in 2017-18, \$2.1 billion higher in 2018-19 and \$5.2 billion higher over the four years to 2021-22. The upward revision in 2017-18 reflects stronger-than-expected collections, consistent with higher commodity prices. These higher commodity prices have increased mining profitability in 2017-18, which is also expected to contribute to higher company tax receipts in 2018-19, reflecting delays between when profit is accrued and when company tax is paid.

Higher mining profitability over the forward estimates is not expected to fully flow through to company tax receipts, as some mining companies (particularly LNG companies) have accumulated a large stock of losses from previous investments, which can be used to reduce tax payable in the coming years (see Box 2, *Budget Statement 5*, Budget Paper No. 1 of the 2017-18 Budget for a discussion of losses and company tax timing).

## **Superannuation fund taxes**

Tax receipts from superannuation funds are expected to grow by 34.1 per cent in 2017-18 and fall by 6.4 per cent in 2018-19. The strong growth in 2017-18 is driven by capital gains tax and on-assessment receipts in 2017-18. These on-assessment receipts partly reflect one-off increases due to strong net foreign exchange gains in the 2016-17 income year. The forecast fall in 2018-19 reflects that these one-off factors are not expected to be repeated.

Relative to the 2017-18 MYEFO, receipts are expected to be around \$500 million higher in 2017-18, \$100 million higher in 2018-19 and \$2.1 billion higher over the four years to 2021-22. Higher receipts reflect lower on-assessment refunds to APRA funds in 2017-18, upward revisions to aggregate wages and positive contributions from policy changes, including the Protecting Your Super Package, partly offset by lower forecast capital gains tax.

## **Petroleum resource rent tax**

Petroleum resource rent tax (PRRT) receipts are forecast to grow by 18.5 per cent in 2017-18 and 22.7 per cent in 2018-19. Since the 2017-18 MYEFO, receipts are expected to be \$50 million higher in 2017-18, \$250 million higher in 2018-19 and \$1.0 billion higher over the four years to 2021-22. The revision to PRRT is consistent with higher Australian dollar oil prices.

## **Goods and services tax**

Receipts from GST are forecast to grow by 6.1 per cent in 2017-18 and 6.1 per cent in 2018-19. Compared with the 2017-18 MYEFO, receipts are expected to be around \$1.1 billion higher in 2017-18, \$1.5 billion higher in 2018-19 and \$6.1 billion higher over the four years to 2021-22. Excluding new policy, receipts are expected to be around \$1.1 billion higher in 2017-18, \$1.3 billion higher in 2018-19 and \$4.5 billion higher over the four years to 2021-22. Higher receipts reflect stronger-than-expected collections, consistent with upward revisions to consumption which are supported by an improved labour market outlook and the Government's personal income tax policies. Policy decisions to tackle the black economy and strengthen tax compliance also contribute to higher receipts.

## **Excise and customs duty**

Excise and customs duty receipts are forecast to grow by 5.1 per cent in 2017-18 and 4.6 per cent in 2018-19.

Since the 2017-18 MYEFO, receipts are \$710 million higher in 2017-18, \$850 million higher in 2018-19 and \$7.1 billion higher over the four years to 2021-22, reflecting stronger collections for alcohol and tobacco and their flow-on impacts to the future years, as well as policy changes to tobacco. The higher tobacco receipts in 2019-20 onwards are mainly due to the policy decision to target illicit tobacco by collecting tobacco duties and taxes at the border upon importation, which is a change from the current system, where tobacco can be imported and stored in licensed warehouses before tax is paid.

## **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 8.1 per cent in 2017-18 and 8.8 per cent in 2018-19. Since the 2017-18 MYEFO, forecast WET receipts have been revised down by \$300 million over the four years to 2021-22.

LCT receipts are forecast to grow by 7.0 per cent in 2017-18, consistent with strong growth in prices of vehicles subject to LCT. Since the 2017-18 MYEFO, forecast LCT receipts are \$50 million higher over the four years to 2021-22.

## **Other taxes**

Other taxes, which include agricultural levies, are forecast to grow by 7.7 per cent in 2017-18 and 5.1 per cent in 2018-19. Since the 2017-18 MYEFO, other taxes are around \$550 million higher in 2017-18, \$200 million higher in 2018-19 and \$550 million higher over the four years to 2021-22.

## Statement 5: Revenue

Compared with the 2017-18 MYEFO, major bank levy receipts are expected to be \$50 million lower in 2017-18 due to slightly weaker-than-expected collections in the first two quarters of the levy. Growth in receipts remains consistent with 2017-18 MYEFO estimates, meaning that estimates for 2018-19 to 2021-22 are unchanged.

Another component of other taxes is the *Skilling Australians Fund* levy. Since the 2017-18 MYEFO, *Skilling Australians Fund* levy receipts are forecast to be \$465 million lower over the four years to 2021-22. This reflects the measure to expand the Levy refund and exemption provisions, delays in the passage of enabling legislation, as well as decreased demand for temporary work visas.

### **Non-taxation receipts**

Since the 2017-18 MYEFO, non-taxation receipts have been revised up by \$1.1 billion in 2017-18, largely reflecting an upward revision in Pharmaceutical Benefit Scheme (PBS) receipts for Hepatitis C medicines and investment earnings for the Future Fund. Non-taxation receipts have been revised up by \$2.5 billion in 2018-19, largely reflecting an upward revision to projected receipts from the PBS, additional royalties from natural resources and an upward revision to projected dividends receipts from the Reserve Bank of Australia.

Non-taxation receipts (including Future Fund earnings) are expected to fall by 5.9 per cent in 2017-18, largely reflecting lower receipts due to the timing of spectrum licence sales. Non-taxation receipts are expected to grow by 15.5 per cent in 2018-19, primarily due to growth in State and Territory contributions to the National Disability Insurance Scheme.

The changes in the individual heads of revenue relative to the 2017-18 MYEFO are shown in Table 5 and Table 6, for 2017-18 and 2018-19 respectively.

Table 7 shows the Australian Government general government cash receipts from 2016-17 to 2021-22 by head of revenue.

**Table 5: 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	188,200	190,600	2,400	1.3
Gross other individuals	45,100	44,200	-900	-2.0
<i>less:</i> Refunds	29,200	29,100	-100	-0.3
Total individuals and other withholding tax	204,100	205,700	1,600	0.8
Fringe benefits tax	4,000	4,050	50	1.3
Company tax	81,000	83,500	2,500	3.1
Superannuation fund taxes	10,520	11,020	500	4.8
Petroleum resource rent tax	1,050	1,100	50	4.8
<b>Income taxation receipts</b>	<b>300,670</b>	<b>305,370</b>	<b>4,700</b>	<b>1.6</b>
Goods and services tax	62,602	63,661	1,059	1.7
Wine equalisation tax	900	910	10	1.1
Luxury car tax	680	710	30	4.4
Excise and customs duty				
Petrol	6,200	6,100	-100	-1.6
Diesel	10,870	10,970	100	0.9
Other fuel products	1,920	2,000	80	4.2
Tobacco	11,360	11,500	140	1.2
Beer	2,360	2,410	50	2.1
Spirits	2,070	2,220	150	7.2
Other alcoholic beverages(a)	950	970	20	2.1
Other customs duty				
Textiles, clothing and footwear	180	190	10	5.6
Passenger motor vehicles	480	510	30	6.3
Other imports	970	1,200	230	23.7
<i>less:</i> Refunds and drawbacks	420	420	0	0.0
Total excise and customs duty	36,940	37,650	710	1.9
Major bank levy	1,200	1,150	-50	-4.2
Agricultural levies	533	570	37	6.9
Other taxes(b)	5,825	6,334	509	8.7
<b>Indirect taxation receipts</b>	<b>108,680</b>	<b>110,984</b>	<b>2,304</b>	<b>2.1</b>
<b>Taxation receipts</b>	<b>409,350</b>	<b>416,354</b>	<b>7,004</b>	<b>1.7</b>
Sales of goods and services(b)	10,609	10,283	-326	-3.1
Interest received	3,249	3,458	210	6.4
Dividends	4,174	4,565	391	9.4
Other non-taxation receipts	9,694	10,486	792	8.2
<b>Non-taxation receipts</b>	<b>27,725</b>	<b>28,791</b>	<b>1,066</b>	<b>3.8</b>
<b>Total receipts</b>	<b>437,075</b>	<b>445,146</b>	<b>8,071</b>	<b>1.8</b>
<i>Memorandum:</i>				
<i>Total excise</i>	22,340	22,500	160	0.7
<i>Total customs duty</i>	14,600	15,150	550	3.8
<i>Capital gains tax(c)</i>	16,100	16,000	-100	-0.6

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

(b) In the 2016-17 FBO, the majority of corporations law fees were reclassified from non-taxation receipts to taxation receipts and financial institutions supervisory levies were reclassified from taxation receipts to non-taxation receipts.

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

**Table 6: Reconciliation of 2018-19 general government (cash) receipts**

	Estimates		Change on MYEFO	
	MYEFO \$m	Budget \$m	\$m	%
Individuals and other withholding taxes				
Gross income tax withholding	198,900	201,800	2,900	1.5
Gross other individuals	46,900	46,700	-200	-0.4
less: Refunds	30,900	30,500	-400	-1.3
Total individuals and other withholding tax	214,900	218,000	3,100	1.4
Fringe benefits tax	4,210	4,220	10	0.2
Company tax	87,000	89,100	2,100	2.4
Superannuation fund taxes	10,210	10,310	100	1.0
Petroleum resource rent tax	1,100	1,350	250	22.7
<b>Income taxation receipts</b>	<b>317,420</b>	<b>322,980</b>	<b>5,560</b>	<b>1.8</b>
Goods and services tax	66,039	67,527	1,488	2.3
Wine equalisation tax	980	990	10	1.0
Luxury car tax	700	740	40	5.7
Excise and customs duty				
Petrol	6,250	6,200	-50	-0.8
Diesel	11,230	11,330	100	0.9
Other fuel products	1,930	2,040	110	5.7
Tobacco	12,380	12,530	150	1.2
Beer	2,410	2,440	30	1.2
Spirits	2,150	2,290	140	6.5
Other alcoholic beverages(a)	980	1,000	20	2.0
Other customs duty				
Textiles, clothing and footwear	180	190	10	5.6
Passenger motor vehicles	480	530	50	10.4
Other imports	970	1,260	290	29.9
less: Refunds and drawbacks	420	420	0	0.0
Total excise and customs duty	38,540	39,390	850	2.2
Major bank levy	1,600	1,600	0	0.0
Agricultural levies	536	576	40	7.5
Other taxes(b)	6,509	6,677	167	2.6
<b>Indirect taxation receipts</b>	<b>114,904</b>	<b>117,500</b>	<b>2,596</b>	<b>2.3</b>
<b>Taxation receipts</b>	<b>432,324</b>	<b>440,480</b>	<b>8,156</b>	<b>1.9</b>
Sales of goods and services(b)	14,091	14,551	460	3.3
Interest received	4,051	4,257	206	5.1
Dividends	3,407	3,970	563	16.5
Other non-taxation receipts	9,217	10,487	1,270	13.8
<b>Non-taxation receipts</b>	<b>30,766</b>	<b>33,265</b>	<b>2,499</b>	<b>8.1</b>
<b>Total receipts</b>	<b>463,091</b>	<b>473,745</b>	<b>10,655</b>	<b>2.3</b>
<i>Memorandum:</i>				
Total excise	22,870	23,090	220	1.0
Total customs duty	15,670	16,300	630	4.0
Capital gains tax(c)	17,500	16,700	-800	-4.6

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

(b) In the 2016-17 FBO, the majority of corporations law fees were reclassified from non-taxation receipts to taxation receipts and financial institutions supervisory levies were reclassified from taxation receipts to non-taxation receipts.

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



**Table 7: Australian Government general government (cash) receipts**

	Actual	Estimates			Projections	
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m	\$m	\$m
Individuals and other withholding taxes						
Gross income tax withholding	179,355	190,600	201,800	214,500	227,100	242,200
Gross other individuals	42,871	44,200	46,700	49,000	53,400	57,400
/less: Refunds	28,364	29,100	30,500	34,900	35,400	37,100
Total individuals and other withholding tax	193,863	205,700	218,000	228,600	245,100	262,500
Fringe benefits tax	4,046	4,050	4,220	4,400	4,630	4,850
Company tax	68,390	83,500	89,100	93,000	97,400	100,700
Superannuation fund taxes	8,218	11,020	10,310	11,710	12,810	14,410
Petroleum resource rent tax(a)	981	1,100	1,350	1,350	1,350	1,350
<b>Income taxation receipts</b>	<b>275,498</b>	<b>305,370</b>	<b>322,980</b>	<b>339,060</b>	<b>361,290</b>	<b>383,810</b>
Goods and services tax	60,023	63,661	67,527	69,995	73,725	77,490
Wine equalisation tax	842	910	990	950	1,000	1,020
Luxury car tax	664	710	740	760	800	830
Excise and customs duty						
Petrol	6,174	6,100	6,200	6,500	6,700	7,050
Diesel	10,341	10,970	11,330	12,130	12,580	13,280
Other fuel products	1,948	2,000	2,040	2,130	2,160	2,240
Tobacco	10,453	11,500	12,530	17,000	15,510	16,100
Beer	2,375	2,410	2,440	2,530	2,600	2,660
Spirits	2,057	2,220	2,290	2,370	2,470	2,560
Other alcoholic beverages(b)	919	970	1,000	1,250	1,270	1,310
Other customs duty						
Textiles, clothing and footwear	279	190	190	190	190	200
Passenger motor vehicles	540	510	530	540	510	400
Other imports	1,148	1,200	1,260	1,240	1,070	1,010
/less: Refunds and drawbacks	397	420	420	420	420	420
Total excise and customs duty	35,837	37,650	39,390	45,460	44,640	46,390
Major bank levy	-	1,150	1,600	1,700	1,800	1,900
Agricultural levies	547	570	576	619	629	635
Other taxes(c)	5,860	6,334	6,677	6,960	7,142	7,520
<b>Indirect taxation receipts</b>	<b>103,773</b>	<b>110,984</b>	<b>117,500</b>	<b>126,444</b>	<b>129,735</b>	<b>135,785</b>
<b>Taxation receipts</b>	<b>379,271</b>	<b>416,354</b>	<b>440,480</b>	<b>465,504</b>	<b>491,025</b>	<b>519,595</b>

(a) This item includes a small amount of MRRT receipts in 2016-17 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) In the 2016-17 FBO, the majority of corporations law fees were reclassified from non-taxation receipts to taxation receipts and financial institutions supervisory levies were reclassified from taxation receipts to non-taxation receipts.

**Table 7: Australian Government general government (cash) receipts (continued)**

	Actual		Estimates		Projections	
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	\$m	\$m	\$m	\$m	\$m	\$m
Sales of goods and services(c)	8,050	10,283	14,551	15,914	15,993	16,541
Interest received	2,925	3,458	4,257	5,290	5,750	5,283
Dividends	6,874	4,565	3,970	4,284	4,896	5,412
Other non-taxation receipts	12,748	10,486	10,487	12,674	7,794	7,135
<b>Non-taxation receipts</b>	<b>30,597</b>	<b>28,791</b>	<b>33,265</b>	<b>38,162</b>	<b>34,433</b>	<b>34,371</b>
<b>Total receipts</b>	<b>409,868</b>	<b>445,146</b>	<b>473,745</b>	<b>503,666</b>	<b>525,458</b>	<b>553,966</b>
<i>Memorandum:</i>						
<i>Total excise</i>	<i>21,800</i>	<i>22,500</i>	<i>23,090</i>	<i>24,610</i>	<i>25,380</i>	<i>26,620</i>
<i>Total customs duty</i>	<i>14,037</i>	<i>15,150</i>	<i>16,300</i>	<i>20,850</i>	<i>19,260</i>	<i>19,770</i>
<i>Capital gains tax(d)</i>	<i>13,400</i>	<i>16,000</i>	<i>16,700</i>	<i>18,000</i>	<i>19,800</i>	<i>21,200</i>
<i>Medicare levy(e)</i>	<i>15,550</i>	<i>16,300</i>	<i>17,030</i>	<i>18,020</i>	<i>18,950</i>	<i>20,080</i>

(c) In the 2016-17 FBO, the majority of corporations law fees were reclassified from non-taxation receipts to taxation receipts and financial institutions supervisory levies were reclassified from taxation receipts to non-taxation receipts.

(d) 'Capital gains tax' is part of gross other individuals, company tax and superannuation fund taxes. The 2016-17 reported figure is an estimate.

(e) Income year basis. Includes a component of taxes linked to the top marginal rate. The 2016-17 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 2018-19 Budget's revenue estimates with those at the 2017-18 MYEFO.

**Table 8: Reconciliation of Australian Government general government revenue estimates from the 2017-18 MYEFO**

	Estimates			Projections		Total(b) \$m
	2017-18 \$m	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m	
<b>Revenue at 2017-18 MYEFO</b>	<b>448,702</b>	<b>475,588</b>	<b>507,811</b>	<b>538,220</b>	*	*
<b>Changes from 2017-18 MYEFO to 2018-19 Budget</b>						
Effect of policy decisions(a)	30	857	-2,497	-6,725	-7,726	-16,091
Effect of parameter and other variations	7,444	9,696	7,481	6,385	*	*
<b>Total variations</b>	<b>7,474</b>	<b>10,553</b>	<b>4,984</b>	<b>-340</b>	*	*
<b>Revenue at 2018-19 Budget</b>	<b>456,176</b>	<b>486,141</b>	<b>512,795</b>	<b>537,880</b>	<b>568,213</b>	<b>2,105,029</b>

\* Data is not available.

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

(b) Total is equal to the sum of amounts from 2018-19 to 2021-22.

Since the 2017-18 MYEFO, total revenue has been revised up by around \$7.5 billion in 2017-18 and \$10.6 billion in 2018-19. The factors affecting revisions to tax receipts are also at play with regard to revenue.

The changes to individual heads of revenue accrual estimates since the 2017-18 MYEFO are shown in Tables 9 and 10. For the five year accrual table, the accrual equivalent of Table 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](http://www.budget.gov.au).

**Table 9: 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	190,600	192,800	2,200	1.2
Gross other individuals	47,800	46,800	-1,000	-2.1
less: Refunds	29,200	29,100	-100	-0.3
Total individuals and other withholding tax	209,200	210,500	1,300	0.6
Fringe benefits tax	4,080	4,140	60	1.5
Company tax	83,800	86,700	2,900	3.5
Superannuation fund taxes	10,570	11,060	490	4.6
Petroleum resource rent tax	1,030	1,170	140	13.6
<b>Income taxation revenue</b>	<b>308,680</b>	<b>313,570</b>	<b>4,890</b>	<b>1.6</b>
Goods and services tax	65,560	66,700	1,140	1.7
Wine equalisation tax	920	930	10	1.1
Luxury car tax	680	730	50	7.4
Excise and customs duty				
Petrol	6,200	6,100	-100	-1.6
Diesel	10,880	10,980	100	0.9
Other fuel products	1,920	2,000	80	4.2
Tobacco	11,530	11,670	140	1.2
Beer	2,360	2,410	50	2.1
Spirits	2,070	2,220	150	7.2
Other alcoholic beverages(a)	950	970	20	2.1
Other customs duty				
Textiles, clothing and footwear	180	190	10	5.6
Passenger motor vehicles	500	510	10	2.0
Other imports	980	1,210	230	23.5
less: Refunds and drawbacks	420	420	0	0.0
Total excise and customs duty	37,150	37,840	690	1.9
Major bank levy	1,600	1,550	-50	-3.1
Agricultural levies	533	571	38	7.2
Other taxes(b)	6,385	6,578	193	3.0
<b>Indirect taxation revenue</b>	<b>112,828</b>	<b>114,899</b>	<b>2,071</b>	<b>1.8</b>
<b>Taxation revenue</b>	<b>421,508</b>	<b>428,469</b>	<b>6,962</b>	<b>1.7</b>
Sales of goods and services(b)	10,491	10,095	-395	-3.8
Interest	3,580	3,663	83	2.3
Dividends	3,112	3,797	685	22.0
Other non-taxation revenue	10,012	10,152	140	1.4
<b>Non-taxation revenue</b>	<b>27,194</b>	<b>27,706</b>	<b>512</b>	<b>1.9</b>
<b>Total revenue</b>	<b>448,702</b>	<b>456,176</b>	<b>7,474</b>	<b>1.7</b>
<i>Memorandum:</i>				
Total excise	22,350	22,510	160	0.7
Total customs duty	14,800	15,330	530	3.6
Capital gains tax(c)	16,100	16,000	-100	-0.6

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

(b) In the 2016-17 FBO, the majority of corporations law fees were reclassified from non-taxation revenue to taxation revenue and financial institutions supervisory levies were reclassified from taxation revenue to non-taxation revenue.

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

**Table 10: Reconciliation of 2018-19 general government (accrual) revenue**

	Estimates		Change on MYEFO	
	MYEFO \$m	Budget \$m	\$m	%
Individuals and other withholding taxes				
Gross income tax withholding	200,900	203,800	2,900	1.4
Gross other individuals	49,700	49,600	-100	-0.2
less: Refunds	30,900	30,500	-400	-1.3
Total individuals and other withholding tax	219,700	222,900	3,200	1.5
Fringe benefits tax	4,290	4,310	20	0.5
Company tax	88,800	91,200	2,400	2.7
Superannuation fund taxes	10,260	10,360	100	1.0
Petroleum resource rent tax	1,110	1,420	310	27.9
<b>Income taxation revenue</b>	<b>324,160</b>	<b>330,190</b>	<b>6,030</b>	<b>1.9</b>
Goods and services tax	68,550	70,310	1,760	2.6
Wine equalisation tax	1,000	1,010	10	1.0
Luxury car tax	700	740	40	5.7
Excise and customs duty				
Petrol	6,260	6,210	-50	-0.8
Diesel	11,240	11,350	110	1.0
Other fuel products	1,930	2,040	110	5.7
Tobacco	12,570	12,720	150	1.2
Beer	2,410	2,440	30	1.2
Spirits	2,150	2,290	140	6.5
Other alcoholic beverages(a)	980	1,000	20	2.0
Other customs duty				
Textiles, clothing and footwear	180	190	10	5.6
Passenger motor vehicles	500	530	30	6.0
Other imports	980	1,270	290	29.6
less: Refunds and drawbacks	420	420	0	0.0
Total excise and customs duty	38,780	39,620	840	2.2
Major bank levy	1,700	1,700	0	0.0
Agricultural levies	536	575	39	7.3
Other taxes (b)	7,711	7,856	145	1.9
<b>Indirect taxation revenue</b>	<b>118,977</b>	<b>121,811</b>	<b>2,834</b>	<b>2.4</b>
<b>Taxation revenue</b>	<b>443,137</b>	<b>452,001</b>	<b>8,864</b>	<b>2.0</b>
Sales of goods and services (b)	13,980	14,490	510	3.6
Interest	4,463	4,442	-20	-0.5
Dividends	3,935	4,126	191	4.9
Other non-taxation revenue	10,073	11,082	1,009	10.0
<b>Non-taxation revenue</b>	<b>32,451</b>	<b>34,140</b>	<b>1,689</b>	<b>5.2</b>
<b>Total revenue</b>	<b>475,588</b>	<b>486,141</b>	<b>10,553</b>	<b>2.2</b>
<i>Memorandum:</i>				
Total excise	22,890	23,120	230	1.0
Total customs duty	15,890	16,500	610	3.8
Capital gains tax(c)	17,500	16,700	-800	-4.6

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

(b) In the 2016-17 FBO, the majority of corporations law fees were reclassified from non-taxation revenue to taxation revenue and financial institutions supervisory levies were reclassified from taxation revenue to non-taxation revenue.

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

## **APPENDIX A: TAX BENCHMARKS AND VARIATIONS STATEMENT**

This appendix contains an overview of Australian Government tax benchmarks and variations, as required by Section 12 of the *Charter of Budget Honesty Act 1998* (CBHA).

Tax benchmarks represent a standard taxation treatment that applies to similar taxpayers or types of activities. Policy approaches can apply a taxation treatment different from a standard approach and the resulting variations can give rise to positive or negative variations.

The choice of benchmark unavoidably involves judgment and may therefore be contentious in some cases.

Benchmark variation estimates should be interpreted with caution as they do not indicate the revenue gain or loss to the Budget if they were to be abolished by a change of policy. In addition, the characterisation of a provision of the tax law that gives rise to a benchmark variation does not indicate a view on how an activity or class of taxpayer ought to be taxed.

Consistent with most OECD countries, estimates of a benchmark variation 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 Australian Government Budget if specific benchmark variations were abolished through policy change, as there may be significant changes in taxpayer behaviour were the variations removed.

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

The CBHA also requires the publication of an annual report. The 2017 TES was published in January 2018 and provides a detailed description of Australian Government benchmarks and benchmark variations and, where possible, the estimated value, or order of magnitude, of each benchmark variation.

The information in Table A1 is derived from the 2017 TES and does not include the impact of decisions in this Budget on benchmark variations. Further information on benchmarks and variations from them will be available in future Tax Benchmark and Variations reports.

Table A1: Estimates of large measured benchmark variations

Benchmark variations	Estimate \$m			
	2018-19	2019-20	2020-21	2021-22
<b>Large positive benchmark variations</b>				
E6	42,500	46,000	50,000	53,500
E5	35,500	38,500	41,000	44,000
C4	23,250	26,050	28,950	31,900
C2	17,750	19,400	20,900	22,950
E13	10,520	11,010	11,840	12,480
H27	7,300	7,600	7,900	8,200
H15	4,900	5,250	5,650	6,100
H18	4,350	4,650	4,950	5,300
H2	3,600	3,800	4,050	4,300
B2	2,580	3,020	3,530	4,120
C6	2,540	2,730	2,950	3,210
A24	2,300	2,200	2,100	2,000
A41	2,020	2,070	2,060	2,050
B12	2,010	2,010	2,010	2,010
A19	2,000	2,460	2,630	2,710
A27	1,965	1,985	2,100	2,210
D10	1,750	1,850	1,950	2,050
D14	1,750	1,900	2,000	2,100
C1	1,700	2,050	2,350	2,550
B49	1,600	1,800	2,200	2,500
H5	1,600	1,750	1,910	2,090
C3	1,550	1,500	1,800	1,900
A26	1,520	2,750	3,380	4,090
A17	1,420	1,470	1,550	1,600
A57	1,390	1,500	1,640	1,760
F6	1,330	1,390	1,450	1,480
H19	1,210	1,290	1,380	1,470
B71	1,125	1,225	1,340	1,455
H6	1,010	1,060	1,120	1,190
A33	1,000	1,000	1,000	1,000
<b>Large negative benchmark variations</b>				
F21	-1,260	-1,290	-1,410	-1,200
F10	-2,555	-2,800	-3,055	-3,220