

STATEMENT 5: REVENUE

Since the 2012-13 Budget, tax receipts have been revised down by around \$17 billion in 2012-13. This brings the total write-down in tax receipts over the five years since the 2008-09 Budget to around \$170 billion. Since the 2012-13 MYEFO, tax receipts have been revised down by around \$60 billion over the four years to 2015-16.

Tax receipts have been significantly affected by weaker than expected nominal GDP growth. Weaker commodity prices and the persistently high Australian dollar, which has put pressure on domestic prices, have hit company profits across most of the economy, including the resources sector. This has had a significant impact on the level of company tax receipts expected in 2012-13 and over the forward estimates.

Lower than expected capital gains tax and resource rent taxes have compounded the fall in company tax receipts. Income tax withholding and consumption taxes have been revised down to a lesser extent, as wages are expected to grow modestly and consumption growth remains solid over the forward estimates. The fall in tax receipts have been partly offset by policy measures including measures designed to ensure the integrity of the tax base.

The tax-to-GDP ratio is expected to rise from 21.5 per cent in 2012-13 to 23.2 per cent by the end of the forward estimates. The average tax-to-GDP ratio in the five years to 2012-13 is lower than any period since the five years ending in 1995-96.

In 2012-13 alone, tax receipts have been revised down by \$33.5 billion since the *2010 Pre-Election and Fiscal Outlook*. If the tax-to-GDP ratio was the same as it was in 2007-08 (23.7 per cent), the year immediately prior to the global financial crisis (GFC), tax receipts would be around \$24 billion higher in 2013-14.

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OVERVIEW

Since the 2012-13 Budget, tax receipts have been revised down by around \$17 billion in 2012-13. This brings the total write-down in tax receipts over the five years since the 2008-09 Budget to around \$170 billion. Since the 2012-13 MYEFO, tax receipts have been revised down by around \$60 billion over the four years to 2015-16.

Tax receipts have been significantly affected by weaker than expected nominal GDP growth. Weaker commodity prices and the persistently high Australian dollar, which has put pressure on domestic prices, have hit company profits across most of the economy, including the resources sector. This has had a significant impact on the level of company tax receipts expected in 2012-13 and over the forward estimates.

Lower than expected capital gains tax and resource rent taxes have compounded the fall in company tax receipts. Income tax withholding and consumption taxes have been revised down to a lesser extent, as wages are expected to grow modestly and consumption growth is expected to remain solid.

While Australian Government receipts continue to recover from their GFC trough, their growth continues to be significantly slower than previously expected. The tax-to-GDP ratio in 2013-14 is estimated to be 22.2 per cent, 1.8 percentage points lower than the average of the five years prior to the GFC of 24.0 per cent.

Table 1: Australian Government general government receipts

	Actuals		Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Total taxation receipts (\$b)	280.8	309.9	326.3	354.9	377.8	405.8	431.5
Growth on previous year (%)	7.6	10.4	5.3	8.8	6.5	7.4	6.3
Per cent of GDP	20.0	21.0	21.5	22.2	22.5	23.0	23.2
Tax receipts excluding GST (\$b)	235.0	263.9	278.6	304.6	324.9	350.0	372.8
Growth on previous year (%)	8.3	12.3	5.6	9.3	6.7	7.7	6.5
Per cent of GDP	16.7	17.9	18.3	19.1	19.4	19.8	20.0
Non-taxation receipts (\$b)	21.2	19.9	24.1	21.1	23.4	23.1	22.1
Growth on previous year (%)	-10.6	-5.9	21.0	-12.3	10.8	-1.3	-4.2
Per cent of GDP	1.5	1.4	1.6	1.3	1.4	1.3	1.2
Total receipts (\$b)	302.0	329.9	350.4	376.0	401.2	428.9	453.6
Growth on previous year (%)	6.1	9.2	6.2	7.3	6.7	6.9	5.8
Per cent of GDP	21.5	22.4	23.0	23.5	23.9	24.3	24.4

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Total receipts, including non-tax receipts, have been revised down by \$16.6 billion in 2012-13, \$16.6 billion in 2013-14 and \$47.8 billion over the four years to 2015-16 (see Table 4). Relative to the 2012-13 MYEFO, tax receipts have been revised down by \$12.9 billion in 2012-13, \$16.5 billion in 2013-14, and \$46.7 billion over the four years to 2015-16 (Table 2).

Table 2: Reconciliation of Australian Government general government taxation receipts from the 2012-13 Budget and the 2012-13 MYEFO

	Estimates			Projections
	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m
Tax receipts at 2012-13 Budget	343,107	371,409	392,852	415,459
Changes from 2012-13 Budget to 2012-13 MYEFO	-3,897	-16	-3,616	-3,921
Tax receipts at 2012-13 MYEFO	339,209	371,393	389,236	411,538
Changes from 2012-13 MYEFO to 2013-14 Budget				
Effect of policy decisions	-58	93	5,341	8,986
Effect of parameter and other variations	-12,855	-16,633	-16,825	-14,714
Total variations	-12,912	-16,539	-11,485	-5,729
Tax receipts at 2013-14 Budget	326,297	354,854	377,751	405,809

Abstracting from policy decisions, tax receipts excluding GST have been revised down by \$12.3 billion in 2012-13, \$15.9 billion in 2013-14 and \$58.2 billion over the four years to 2015-16 (Table 3) relative to the 2012-13 MYEFO. Company tax is the single largest contributor to the write-downs. Lower than expected capital gains tax and resource rent taxes have compounded the fall in company tax receipts.

The lower estimated carbon price is expected to reduce receipts from the carbon pricing mechanism when it moves to a floating price. The largest impact is in 2015-16 with a smaller impact in 2013-14 and 2014-15 associated with advance auctions of permits. The prices received at advance auctions of floating price permits, commencing in 2013-14, are expected to reflect average EU-ETS market futures prices. The budgetary impact of lower carbon price receipts are largely offset by policy changes and estimates variations associated with the *Clean Energy Future Plan* (see Box 2 of Budget Statement 3).

Table 3: Reconciliation of Australian Government general government taxation receipts excluding GST from the 2012-13 MYEFO

	Estimates			Projections
	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m
Tax receipts excluding GST at 2012-13 MYEFO	290,959	320,393	335,536	355,138
Changes from 2012-13 MYEFO to 2013-14 Budget				
Effect of policy decisions	-57	94	5,332	8,957
Effect of parameter and other variations	-12,306	-15,884	-15,936	-14,085
Total variations	-12,362	-15,789	-10,605	-5,129
Tax receipts excluding GST at 2013-14 Budget	278,597	304,604	324,931	350,009

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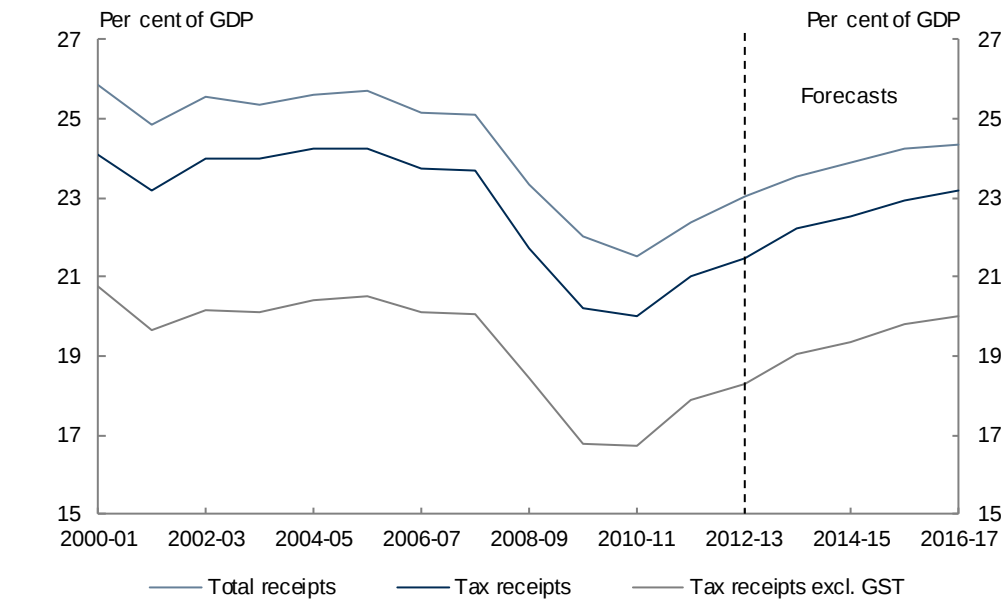
The revenue position has been enhanced by a range of measures, including increasing the Medicare levy to help fund DisabilityCare Australia, protecting the integrity of the income tax base, improving the sustainability of the superannuation system and better targeting tax expenditures. Collectively, policy measures add \$14.4 billion to tax receipts over the four years to 2015-16 (see Table 2).

THE TAX-TO-GDP RATIO

In addition to lower nominal GDP, lower than forecast tax collections in 2012-13 have resulted in the expectation of less tax per dollar of GDP. This is expected to impact the tax-to-GDP ratio in 2013-14 and across the forward estimates. Indeed, tax receipts as a share of GDP are expected to remain well below pre-GFC levels over the entire forward estimates period. Over the five years to 2012-13, the average tax-to-GDP ratio is expected to be 20.9 per cent, lower than any period since the five years ending in 1995-96.

If the tax-to-GDP ratio was the same as it was in 2007-08 (23.7 per cent), the year immediately prior to the GFC, tax receipts would be around \$24 billion higher in 2013-14 alone.

Chart 1: Tax-to-GDP ratio



Source: Treasury.

Box 1: Tax composition

The aggregate movement in total taxes as a proportion of GDP is the consequence of a series of movements in all heads of revenue relative to GDP. To understand these movements, taxes can be disaggregated into three broad categories: corporate, individuals and non-corporate, and indirect.

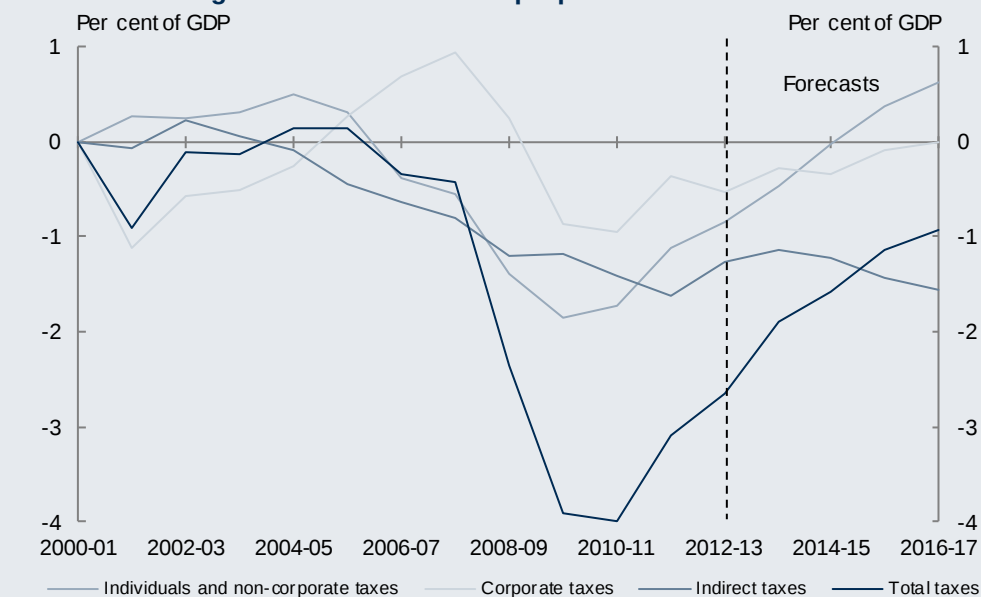
Chart A shows the change in the level of tax receipts as a proportion of GDP for these three categories. In the years 2000-01 to 2007-08, total taxes were relatively steady as a proportion of GDP, at around 24 per cent. Following the global financial crisis (GFC), total taxes as a proportion of GDP fell by 3.7 percentage points to be 20.0 per cent of GDP in 2010-11. Since 2010-11, total taxes have recovered approximately one third of the loss and are forecast to remain well below pre-GFC levels as a proportion of GDP.

Corporate taxes (which include company tax, superannuation funds tax and resource rent taxes) rose steadily from 2001-02 to a record high of 6.4 per cent of GDP in 2007-08. During the GFC these taxes declined by around 2 per cent of GDP and are expected to recover around half of this loss by 2016-17.

Reductions in personal income tax rates dominate movements in individuals and non-corporate taxes (gross income tax withholding, other individuals, individuals' refunds and fringe benefits tax) until the GFC. By 2016-17, they are expected to recover to around their share of GDP in the early 2000s.

Most of the reduction in indirect taxes (GST, excise, carbon pricing mechanism, customs, luxury car tax, wine equalisation tax and other indirect taxes) occurred prior to the GFC. By 2016-17, collections of indirect taxes are expected to contribute more than one and a half per cent of GDP less than they did at the start of this period.

Chart A: Change in level of taxes as a proportion of GDP relative to 2000-01



Source: Treasury.

Nominal GDP and tax receipts

The recent weakness in nominal GDP growth reflects the sharp fall in the terms of trade in the second half of 2012 and weaker than expected domestic price growth. The terms of trade fell 12.9 per cent through the year to the December quarter 2012, owing to a 20.9 per cent decline in prices for non-rural commodity exports. Although commodity prices recovered somewhat in the March quarter, they are expected to gradually decline in trend terms over the forecast period, in line with increasing global supply.

Movements in Australia's exchange rate and terms of trade are typically closely related and it is unusual for the Australian dollar to remain broadly unchanged while the terms of trade fall. The Australian dollar has appreciated strongly in response to the terms of trade boom, rising from less than US\$0.50 in 2001 to a peak of over US\$1.10 in the middle of 2011, and appreciating around 50 per cent in the past four years alone. Yet, while the terms of trade have fallen sharply in the past two years, with non-rural bulk commodity prices now around 35 per cent below their peak, the Australian dollar has remained relatively stable and high.

As discussed in Budget Statement 2, the unusual combination of a persistently high Australian dollar and lower terms of trade is having an acute and enduring effect on profits and prices growth across the economy. The high Australian dollar has implications for tax receipts. It reduces income and demand for goods and services of trade exposed businesses, thereby lowering profitability across the economy. As profits fall, so too will taxes on companies, resource rents and capital gains. The effects also flow through to taxes on wages and consumption.

The combination of weaker commodity prices and weak domestic price growth has hit company profits across most sectors of the economy, including the resources sector. Over the past 18 months, corporate gross operating surplus (GOS), the National Accounts measure of corporate profitability, has fallen by almost the same amount as during the early 1990s recession and the GFC, albeit over a longer period of time.

During the early 1990s recession, corporate GOS fell by 11.2 per cent over two quarters. During the GFC in 2008-09, corporate GOS fell by 10.2 per cent again over two quarters. Currently, corporate GOS has fallen in each of the last five quarters (September 2011 to December 2012), by a cumulative total of around 9.2 per cent, a slower, but comparably sized fall (see Chart 2). This is the first time in the history of the quarterly National Accounts (beginning in 1959) that corporate GOS has fallen in more than three consecutive quarters.

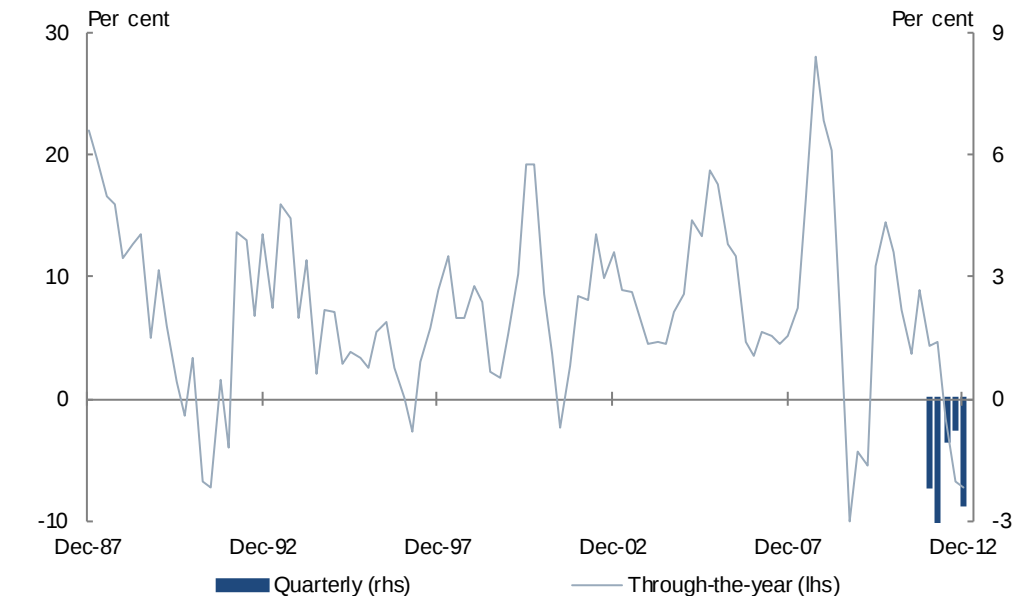
The weaker growth in corporate profits is a significant factor in the slower recovery in nominal GDP growth over the forward estimates.

This lingering moderation in corporate profits (and hence likely tax collections) combined with the impact of large shortfalls in year-to-date actual collections for company taxes have resulted in large downward revisions to expected tax receipts in

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2012-13 and over the forward estimates. Company taxes have been revised down by around \$5.2 billion in 2012-13 and \$7.2 billion in 2013-14. In comparison, the outcome for 2008-09 company tax receipts was \$11.3 billion lower than forecast at the 2008-09 Budget, the last budget before the GFC. The fall in company taxes has been compounded by resource rent taxes which have been revised down by around \$3.6 billion in 2012-13 and \$3.2 billion in 2013-14.

Chart 2: Growth in corporate GOS



Source: ABS cat. no. 5206.0.

Capital gains tax and the stock of losses from the GFC

Total capital gains tax (CGT) receipts have been revised down by \$1.8 billion in 2012-13 and \$9.9 billion in the four years to 2015-16. While CGT is expected to recover over the forward estimates, the recovery is slower than projected at the 2012-13 MYEFO and CGT remains lower over the whole forward estimates period than its pre-GFC peak.

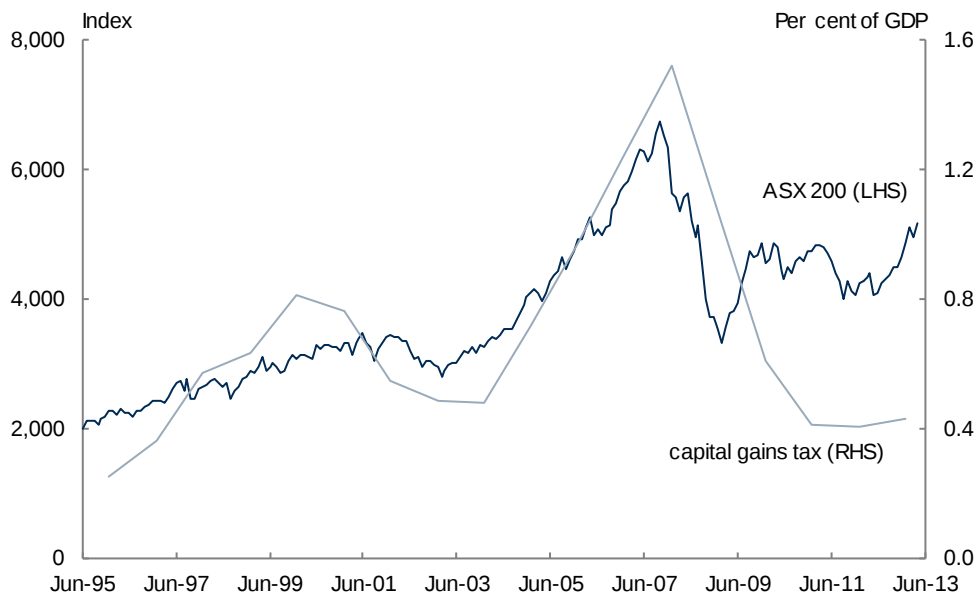
CGT is affected by factors such as asset price movements, the rate at which capital gains are realised and the extent to which any prior capital losses are used to offset gains. In addition, capital gains realised by individuals and superannuation funds are generally subject to a discount of one half and one third respectively. Stock market indices and land values are assumed to grow in line with nominal GDP in the future.

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Forecasting CGT is very difficult for several reasons. Price movements above or below the assumption may cause CGT to be significantly different from the forecast. Also, following the GFC, a large stock of capital losses were carried forward (see Box 2 of Statement 5 of the 2010-11 Budget), and the utilisation of these losses generates large uncertainty in the forecasts, particularly as many of these losses are held within trust structures. Finally, historical information regarding CGT is only available from income tax returns, which arrive with a lag of one to two years, making estimation more difficult than for many heads of revenue. This has been an important factor in the current forecasts, where the 2011-12 estimate for CGT (which forms the starting base for the 2012-13 estimate) has been revised down by around \$400 million since the 2012-13 MYEFO. The downward revision to CGT in 2012-13 is partly based on recent tax return data from the 2011-12 income year, which shows that net capital gains income from individuals fell by around 20 per cent, the second-lowest growth rate since 1994-95.

While asset prices have recovered since the 2012-13 MYEFO, they remain well below pre-GFC levels. The ASX 200 at the beginning of May 2013 stood at around 5200 compared to the peak in November 2007 at around 6800. In addition, a large stock of capital losses is expected to continue to weigh on CGT over the forward estimates, affecting other individuals, superannuation funds and company tax.

Chart 3: Slow recovery in capital gains tax^(a)



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

Box 2: Comparison of the tax-to-GDP ratio over two downturns

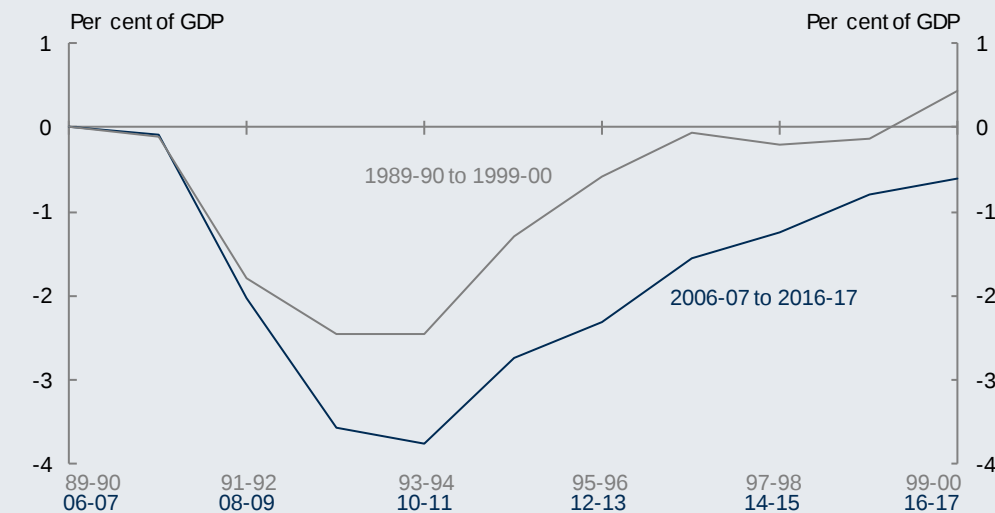
Although the tax-to-GDP ratio fell dramatically in both the recession of the early 1990s and the global financial crisis (GFC), there are key differences between the revenue responses to the two downturns.

The recession of the early 1990s was characterised by general weakness in the real economy, as evidenced by high unemployment. Taxes fell by 2.3 percentage points of GDP over two years, from 22.3 per cent in 1990-91 to 20.0 per cent in 1992-93.

By contrast, during the GFC, Australia's real economy slowed, but still grew much more strongly than in the early 1990s recession. International and domestic share markets, in contrast, collapsed. The recent crisis can also be characterised by less buoyant global growth, the high Australian dollar and deleveraging by companies and households. Taxes fell by 3.5 per cent of GDP in two years, from 23.7 per cent in 2007-08 to 20.2 per cent in 2009-10.

Comparing the tax responses illustrates the differences between the two events. Individuals' income tax, excluding capital gains tax (CGT), contributed nearly 65 per cent of the fall in the 1990s recession, but only 25 per cent of the fall following the GFC. Indirect taxes contributed over 30 per cent of the previous decline, but only 11 per cent of the recent fall. By contrast, petroleum resource rent tax and taxes on companies and superannuation funds contributed only 6 per cent of the previous decline, but over half of the recent decline.

Chart A: Changes in the tax-to-GDP ratio through the 1990s recession and the GFC



Source: Treasury.

Box 2: Comparison of the tax-to-GDP ratio over two downturns (continued)

A major component of the differences is CGT. In the 1980s and early 1990s, CGT was a new, immature tax which had a negligible effect on the tax-to-GDP ratio. By 2008, CGT was large and volatile and was responsible for over a quarter of the decline, as a component of taxes on individuals, companies and superannuation funds.

The different drivers of these two large falls in the tax-to-GDP ratio mean that the recoveries will also be different. While the first year of the recovery, in 2011-12, was broadly comparable to the 1990s recovery, the second year, 2012-13, has not matched the recovery in the tax-to-GDP ratio seen in 1995-96. A key variable is the timing of the recovery in CGT, which has so far remained weak due to tepid growth in asset prices and a large stock of capital losses still to be utilised, reflecting the maturity of the system compared to the 1990s.

VARIATIONS IN RECEIPTS ESTIMATES

Table 4 reconciles the 2013-14 Budget's total receipts estimates with those at the 2012-13 Budget and the 2012-13 MYEFO. Since the 2012-13 MYEFO, total receipts have been revised down by \$47.8 billion in the four years to 2015-16, reflecting a downward revision of \$63.1 billion from parameter and other variations, partly offset by \$15.3 billion of policy decisions.

Table 4: Reconciliation of Australian Government general government receipts estimates from the 2012-13 Budget and the 2012-13 MYEFO^(a)

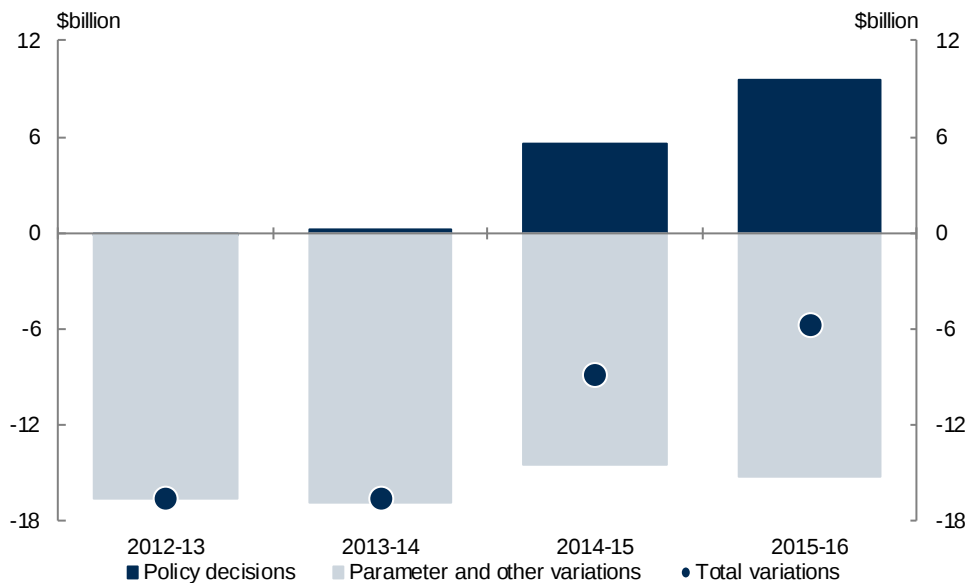
	Estimates		Projections	
	2012-13	2013-14	2014-15	2015-16
	\$m	\$m	\$m	\$m
Receipts at 2012-13 Budget	368,774	392,544	413,618	438,373
Changes from 2012-13 Budget to 2012-13 MYEFO				
Effect of policy decisions	1,821	6,176	2,635	2,209
Effect of parameter and other variations	-3,554	-6,125	-6,211	-5,958
Total variations	-1,733	51	-3,576	-3,749
Receipts at 2012-13 MYEFO	367,041	392,595	410,042	434,625
Changes from 2012-13 MYEFO to 2013-14 Budget				
Effect of policy decisions	-56	255	5,603	9,521
Effect of parameter and other variations	-16,575	-16,857	-14,475	-15,215
Total variations	-16,631	-16,601	-8,872	-5,694
Receipts at 2013-14 Budget	350,410	375,993	401,171	428,931

(a) Includes expected Future Fund earnings.

Since the 2012-13 MYEFO, tax receipts have been revised down by \$16.5 billion in 2013-14 and \$46.7 billion over the four years to 2015-16. Excluding GST, tax receipts have been revised down by \$15.8 billion in 2013-14 and by \$43.9 billion over the four years to 2015-16.

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Chart 4: Revisions to total receipts estimates since the 2012-13 MYEFO



Source: Treasury.

Effect of parameter and other variations

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

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

Table 5: Key economic parameters^(a)

	Estimates			Projections	
	2012-13	2013-14	2014-15	2015-16	2016-17
Revenue parameters at 2013-14 Budget					
Nominal gross domestic product (non-farm)	3 1/4	5	5	5 1/4	5 1/4
Change since 2012-13 MYEFO	-1	- 1/2	- 1/4	0	na
Compensation of employees (non-farm)(b)	4 3/4	5 3/4	5	5 1/2	5 1/2
Change since 2012-13 MYEFO	- 3/4	3/4	- 1/2	0	na
Corporate gross operating surplus(c)	-3	4 1/2	5 1/2	5 1/4	5 1/4
Change since 2012-13 MYEFO	-4 1/4	-2 1/4	3/4	0	na
Unincorporated business income	2 1/4	2 3/4	3 3/4	5 1/4	5 1/4
Change since 2012-13 MYEFO	-3 1/2	-2	-1 1/2	0	na
Property income(d)	-2 3/4	1 1/4	7	5 1/2	5 1/2
Change since 2012-13 MYEFO	-6 1/4	-5 1/4	1 1/2	0	na
Consumption subject to GST	3 3/4	4 1/4	4 1/2	5 1/2	5 1/2
Change since 2012-13 MYEFO	-1 1/2	- 1/2	-1	0	na

(a) Current prices, per cent change on previous years. Changes since the 2012-13 MYEFO are percentage points and may not reconcile due to rounding.

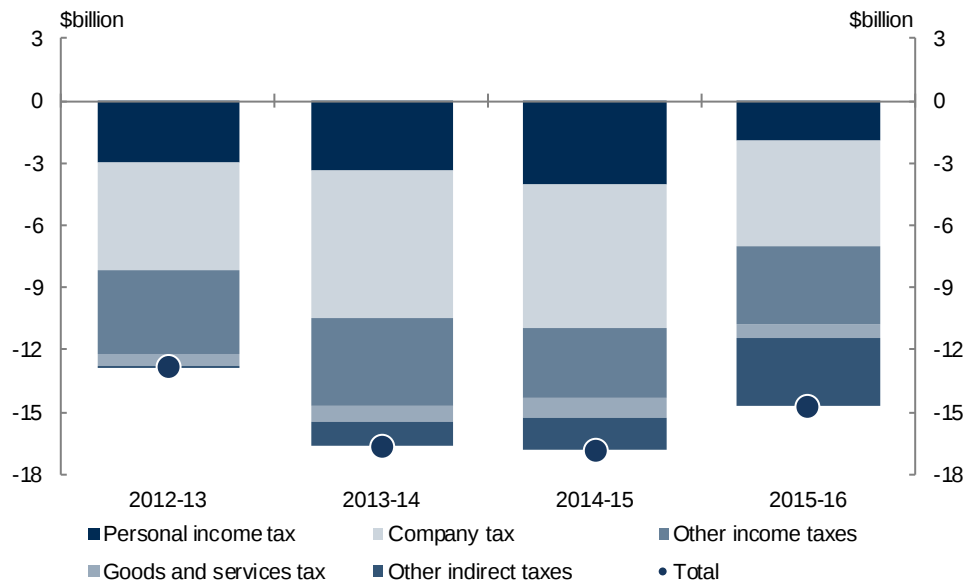
(b) Compensation of employees measures total remuneration earned by employees.

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

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

na not applicable.

Relative to the 2012-13 MYEFO, parameter and other variations have reduced tax receipts by \$12.9 billion in 2012-13, \$16.6 billion in 2013-14, and \$61.0 billion over the four years to 2015-16 (Chart 5). Parameter and other variations have reduced tax receipts, excluding GST, by \$12.3 billion in 2012-13, \$15.9 billion in 2013-14, and \$58.2 billion over the four years to 2015-16.

Chart 5: Parameter and other variations to tax receipts since the 2012-13 MYEFO

Source: Treasury.

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Company tax is the single largest contributor to the write-downs in tax receipts. Lower than expected CGT and resource rent taxes have compounded the fall in company tax receipts.

- Of this, company tax receipts account for \$5.2 billion in 2012-13, \$7.2 billion in 2013-14 and \$24.3 billion over the four years to 2015-16. This reflects lower than expected company profitability across most sectors of the economy. Lags in the company tax system mean that lower profitability in 2012-13 will be felt across a number of years.
- Gross resource rent taxes, comprised of the minerals resource rent tax (MRRT) and the petroleum resource rent tax (PRRT), have been written-down significantly compared to the 2012-13 MYEFO. Resource rent taxes are expected to be \$3.6 billion lower in 2012-13 and \$3.2 billion in 2013-14. These taxes are highly sensitive to the assumptions regarding production volumes, capital deductions, commodity prices and the exchange rate.
 - While MRRT receipts have been much lower than expected in 2012-13, they are expected to grow over the forward estimates. MRRT receipts will be supported by very strong increases in production volumes as the economy transitions from the investment phase of the mining boom towards a record expansion in resources production and exports (iron ore exports are expected to grow by around 40 per cent from 2012-13 to 2016-17). In addition, capital expenditure – which can be immediately written off for MRRT purposes – is expected to be lower than projected at the 2012-13 MYEFO (see Budget Statement 2, Box 8).
 - Net MRRT receipts are expected to be around \$1.8 billion lower in 2012-13 and \$1.7 billion lower in 2013-14.
 - PRRT receipts are expected to be weaker across the entire forward estimates, reflecting in part a softening in petroleum prices and lower assumed production levels across a number of relevant fields.
- CGT, which is an important component of taxes on individuals, companies and superannuation funds, is expected to be lower by \$1.8 billion in 2012-13 and \$2.9 billion in 2013-14, reflecting the continuing utilisation of a large amount of capital losses.

Compared to the 2012-13 MYEFO, carbon pricing mechanism (CPM) receipts are expected to be \$140 million higher in 2012-13, largely owing to lower free permit allocations offsetting reduced carbon emissions. Receipts are expected to be \$530 million lower in 2013-14; largely reflecting downward revisions to forecast emissions, and the lower international carbon price associated with the advance auctions of permits.

Indirect taxes, excluding CPM, have been revised down by around \$760 million in 2012-13, largely reflecting a \$515 million write-down of GST and a \$900 million

downgrade in excise receipts, partly offset by higher customs duties. Indirect taxes, excluding CPM, have been revised down by around \$1.4 billion in 2013-14 and \$5.2 billion over the four years to 2015-16.

Since the 2012-13 MYEFO, non-tax receipts (including Future Fund earnings) have declined by \$3.7 billion in 2012-13, largely reflecting the deferral of receipts relating to the digital dividend and lower interest receipts. The timing of final digital dividend payments was changed in response to industry concern about paying for both the reissue of expiring spectrum licences and spectrum licences won at the digital dividend auction within a short period of time. Non-tax receipts have been revised down by \$224 million in 2013-14, reflecting lower interest receipts largely offset by higher dividend receipts.

Effect of policy decisions

Policy decisions since the 2012-13 MYEFO are expected to increase receipts by \$255 million in 2013-14, \$5.6 billion in 2014-15, \$9.5 billion in 2015-16 and \$10.1 billion in 2016-17. These decisions include: increasing the Medicare levy to help fund *DisabilityCare Australia*, protecting the integrity of the income tax base, improving the sustainability of the superannuation system and better targeting tax expenditures.

The Medicare levy will be increased by half a percentage point from 1 July 2014 to provide strong and stable funding for *DisabilityCare Australia*. This is expected to increase tax receipts by \$11.4 billion over the forward estimates period. All of the monies raised by the additional levy will go directly to the *DisabilityCare Australia* Fund. This fund is expected to generate \$467 million in non-tax receipts over the forward estimates period. To assist with establishing *DisabilityCare Australia*, the Government will make a share of the *DisabilityCare Australia* Fund available to States and Territories.

The Budget also contains measures to protect the integrity of the income tax base and promote better tax compliance, including the following.

- The *Protecting the corporate tax base from erosion and loopholes* package contains a series of measures to address abuses that take advantage of design flaws, vulnerabilities and unexpected interactions in the corporate tax law from changes made in the early 2000s. This package is expected to increase tax receipts by \$4.1 billion over the forward estimates period.
- Providing additional resources to the Australian Taxation Office (ATO) to expand data matching with third party information. This is expected to increase tax receipts by \$432 million over the forward estimates period.
- Providing additional resources to the ATO to address risks to the tax system from exploitation of trust structures. This is expected to increase tax receipts by \$217 million over the forward estimates period.

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Other key revenue measures include the following.

- Deferring the *Clean Energy Future* personal income tax cuts that were scheduled to commence on 1 July 2015. These tax cuts were designed to assist households with the effects of an increase in the carbon price from \$25.40 in 2014-15 to \$29 in 2015-16. The carbon price in 2015-16 is now projected to be lower (\$12.10) than the fixed price in 2014-15. As a result, households will not experience the impact of an additional rise in the carbon price and the 2015-16 tax cuts will be deferred until the carbon price in the Budget is estimated to rise above \$25.40. This is currently projected to occur in 2018-19. Households will receive more assistance than was anticipated to be necessary to assist them with the cost of living impact of the carbon price in 2015-16. This measure is expected to increase tax receipts by \$1.5 billion over the forward estimates period.
- Better targeting support for research and development (R&D) by limiting access to the R&D tax incentive so that it only applies to companies with annual aggregate Australian turnover of less than \$20 billion from 1 July 2013. This is estimated to increase tax receipts by \$1.1 billion over the forward estimates period.
- Extending the requirement to make monthly pay-as-you-go (PAYG) income tax instalments to include all large entities in the PAYG instalment system, including trusts, superannuation funds, sole traders and large investors. This measure is expected to have a gain to tax receipts of \$1.4 billion over the forward estimates period.
- Phasing out the Net Medical Expenses Tax Offset as reforms to aged care are implemented and DisabilityCare Australia is introduced. All existing claimants will be grandfathered for two years, and claims for aged care, disability aids and attendant care will be allowed through until 30 June 2019. This is estimated to increase tax receipts by \$968 million over the forward estimates period.
- Restructuring the Import Processing Charge to recover the costs of all import related cargo and trade functions undertaken by the Australian Customs and Border Protection Service. This is expected to increase tax receipts by \$674 million over the forward estimates period.
- Simplifying the design and administration of the proposed higher superannuation concessional contributions cap by providing a \$35,000 concessional cap to anyone who meets certain age requirements. This is estimated to increase tax receipts by \$365 million over the forward estimates period, as the overall receipts cost of providing the higher cap will fall from \$1.5 billion to \$1.2 billion.
- Better targeting the tax exemption for earnings on superannuation assets supporting retirement income streams, by limiting it to the first \$100,000 of annual earnings for each individual, and taxing earnings above that threshold at the concessional rate of 15 per cent. This is expected to increase tax receipts by \$356 million over the forward estimates period.

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- Indexing tobacco excise to average weekly ordinary time earnings (AWOTE), instead of the CPI. Due to taxpayer confidentiality, this measure has been incorporated into the Budget estimates as a parameter and other variation.

There are also a small number of policy measures since the 2012-13 MYEFO which reduce tax receipts. These include:

- Providing petroleum resource rent taxpayers with certainty regarding the scope of deductible expenditure, following recent litigation. This is expected to reduce receipts by \$120 million over the forward estimates period.
- Making the superannuation excess contributions tax system fairer, by taxing excess concessional contributions at an individual's marginal tax rate plus an interest charge, rather than always taxing them at the top marginal tax rate. This is expected to reduce tax receipts by \$55 million over the forward estimates period.

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Table 6: Revenue policy decisions since the 2012-13 MYEFO (receipts basis)^(a)

	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m	Total \$m
Personal income tax – increase in the Medicare levy – DisabilityCare Australia	-	-	3,342.8	4,011.1	4,463.5	11,817.4
<i>Protecting the corporate tax base from erosion and loopholes</i>						
– addressing aggressive tax structures that seek to shift profits by artificially loading debt into Australia	-	-	190.0	665.0	635.0	1,490.0
– targeting the deduction for exploration to genuine exploration activity	-	100.0	400.0	350.0	250.0	1,100.0
– closing loopholes in the consolidation regime	-	10.0	110.0	185.0	235.0	540.0
– increasing ATO compliance checks on offshore marketing hubs and business restructures	-	-	53.1	120.4	232.5	406.0
– closing loopholes in the Offshore Banking Unit regime	-	20.0	100.0	100.0	100.0	320.0
– improving the integrity of the foreign resident capital gains tax regime	-	-	20.0	20.0	190.0	230.0
Clean Energy Future – deferral of the 2015-16 tax cuts	-	-	-	820.0	670.0	1,490.0
Monthly PAYG instalments – extension to other large entities	-	-	-	900.0	500.0	1,400.0
A Plan for Australian Jobs – Research and Development tax incentive – better targeting	-	-	350.0	400.0	300.0	1,050.0
Personal income tax – net medical expenses tax offset phase out	-	-2.0	175.0	285.0	510.0	968.0
Import Processing Charge – ensuring full cost recovery	-	91.6	188.7	194.2	199.8	674.3
Personal income tax – reforms to work-related self-education expenses (b)	-	-	*	250.0	270.0	520.0
<i>Tax compliance</i>						
– improving compliance through third party reporting and data matching	-	-	67.3	162.7	201.7	431.7
– ATO trusts taskforce	-	4.4	27.9	67.7	117.1	217.1
<i>Superannuation reforms</i>						
– higher concessional contributions cap	-	-195.0	105.0	230.0	225.0	365.0
– reforming the tax exemption for earnings on superannuation assets supporting retirement income streams	-	-	2.0	152.0	202.0	356.0
Carbon unit auction schedule	-	150.0	180.0	-90.0	100.0	340.0
<i>Excise and excise-equivalent customs duty – index tobacco excise to AWOTE</i>	-	nfp	nfp	nfp	nfp	nfp
Other measures	-55.8	76.2	291.6	697.7	745.3	1,755.0
Total impact of revenue measures	-55.8	255.2	5,603.4	9,520.8	10,146.8	25,470.5

(a) Total impact of revenue measures does not include the impact of the tobacco indexation measure which has been incorporated as a parameter variation due to taxpayer confidentiality.

(b) * The nature of the measure is that a reliable estimate cannot be provided.

RECEIPTS GROWTH

Individuals' income and other withholding taxation receipts

Receipts from gross income tax withholding (ITW) have grown over 9 per cent in both 2010-11 and 2011-12. In 2012-13, receipts from ITW are expected to grow by 5.3 per cent (\$7.5 billion), reflecting more moderate growth in wages and salaries and tax cuts associated with the *Clean Energy Future Package* announced in the 2011-12 MYEFO. In 2013-14, receipts from ITW are expected to grow by 8.6 per cent (\$12.9 billion) as wages growth strengthens. In 2014-15 receipts from ITW are expected to grow by 8.2 per cent (\$13.4 billion) partly reflecting the increase in the Medicare levy by half a percentage point from 1 July 2014 to provide strong and stable funding for *DisabilityCare Australia*.

In the projection years, receipts from ITW grow by 7.9 per cent (\$13.9 billion) in 2015-16 and 6.6 per cent (\$12.6 billion) in 2016-17. The growth in ITW receipts in the projection years returns to trend, reflecting longer-term growth in wages and salaries, consistent with the projection year parameters.

Gross other individuals (OI) receipts are expected to grow by 6.9 per cent (\$2.2 billion) in 2012-13, reflecting solid growth in non-wage income. In 2013-14, receipts from OI are expected to grow slower by 3.3 per cent (\$1.1 billion), largely due to changes to the tax scales associated with the *Clean Energy Future Package* and the effect of lower nominal GDP growth in 2012-13 on expected instalment payments. From 2014-15 to the end of the forward estimates, receipts from OI are expected to grow above trend as the stock of capital losses are utilised and capital gain income recovers.

Income tax refunds for individuals, which have a negative impact on receipts, are expected to grow by 4.7 per cent (\$1.2 billion) in 2012-13, mainly reflecting individuals' income tax assessments for 2011-12. Individuals' refunds are then expected to grow by 0.2 per cent (\$50 million) in 2013-14 as a result of weaker expected individuals' income in 2012-13. In the projection years, refunds for individuals are expected to return to longer-term trend growth.

Receipts from fringe benefits tax (FBT) are expected to grow by 3.5 per cent (\$129 million) in 2012-13 (following 13 per cent growth in 2011-12), reflecting modest growth in average wages. FBT growth is expected to be 10.6 per cent (\$410 million) in 2013-14 and 9.1 per cent (\$390 million) in 2014-15, primarily reflecting previously announced policy, particularly the reform of the statutory formula method for valuing car fringe benefits. In the projection years, FBT is expected to return to growth consistent with growth in wages and salaries.

Company and other related income taxation receipts

Company tax is expected to fall by 0.9 per cent (\$584 million) in 2012-13, reflecting an expected fall in corporate profitability. In 2013-14, company tax receipts are expected to grow by 8.6 per cent (\$5.7 billion), due to the introduction of monthly pay-as-you-go

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instalments for large companies, as announced at the 2012-13 MYEFO which results in a one-off bring-forward of payments.

Over 2014-15 and the projection years, receipts from company tax are expected to grow by 1.6 per cent (\$1.2 billion) in 2014-15, 7.8 per cent (\$5.7 billion) in 2015-16 and 5.5 per cent (\$4.4 billion) in 2016-17. These varying growth rates also reflect the effect of the pay-as-you-go policy change and the *Protecting the corporate tax base from base erosion and loopholes* package, before returning to more normal rates of growth in line with corporate gross operating surplus projections.

Superannuation funds

Receipts from superannuation funds are expected to grow by 1.6 per cent (\$118 million) in 2012-13 and 8.6 per cent (\$660 million) in 2013-14, reflecting a modest recovery from the GFC lows in wage and salaries growth and asset prices.

The growth in superannuation fund receipts accelerates in 2014-15 and the projection years as the effect of GFC related losses unwinds and policy changes begin to take effect. These policy reforms include the gradual increase in the Superannuation Guarantee rate from 9 to 12 per cent and the timing effects of the pay-as-you-go policy change. Note that revenue expected to be raised by the Sustaining the Superannuation Contribution Concession has been reclassified to other individuals.

Resource rent taxes

Gross resource rent taxes (comprising MRRT and PRRT) are expected to grow by \$1.4 billion in 2013-14 and \$400 million in 2014-15. MRRT is expected to increase significantly over the forward estimates reflecting strong volumes and lower capital investment as the economy transitions from the investment phase of the mining boom towards a record expansion in resources production and exports. Net MRRT is expected to grow by \$500 million in 2013-14 and \$300 million in 2014-15. In the projection years, net MRRT is expected to grow by \$400 million in 2015-16 and \$800 million in 2016-17.

PRRT receipts are expected to decrease in 2012-13, reflecting in part the ongoing dampening impact of a high exchange rate, a softening in petroleum prices and lower assumed production levels across a number of fields. PRRT receipts are expected to return towards long run trends over the forward estimates, mainly reflecting anticipated cost and production trends.

Goods and services tax

Goods and services tax (GST) receipts are expected to increase by 4.5 per cent (\$2.1 billion) in 2012-13. In 2013-14, GST receipts are expected to grow by 5.3 per cent (\$2.5 billion) reflecting growth in taxable consumption and dwelling investment. GST receipts are expected to grow by 5.1 per cent (\$2.6 billion) in 2014-15 and, in the

projection years, 5.6 per cent (\$3.0 billion) in 2015-16 and 5.1 per cent (\$2.9 billion) in 2016-17.

Excise and customs duty

Receipts from excise are expected to increase by 0.1 per cent (\$25 million) in 2012-13, mostly due to diesel excise offset by falls in other categories. In 2013-14, excise receipts are expected to increase by 3.9 per cent (\$1.0 billion), partly due to an extra payment day for collections. Receipts in 2014-15 are expected to grow by 1.1 per cent (\$290 million) which is lower than trend growth due to fewer collections days than the previous year. In the projection years, excise duties are expected to grow in line with long-term trends.

Customs duties are expected to grow by 20.9 per cent (\$1.5 billion) in 2012-13, reflecting strength in excise-like goods. In 2013-14, customs duty receipts are expected to grow by 4.3 per cent (\$360 million), reflecting strength in most sources of customs duty. In 2014-15, customs duty is expected to increase by 1.7 per cent (\$150 million), reflecting strength in most sources of duty, but offset by a reduction in the rate of duty applied to textiles, clothing and footwear. Customs duties are expected to return to more normal rates of growth in 2016-17.

Carbon pricing mechanism

Receipts from the carbon pricing mechanism are expected to grow by around 50 per cent in 2013-14 largely reflecting the arrangements for sales of permits under the fixed-price and floating-price periods, and that 2012-13 is the first year of the mechanism. The 2013-14 receipts capture the wash-up payments for 2012-13 fixed-price permits, the progressive payment for 2013-14 fixed-price permits, and the commencement of auctions of floating price permits for the years 2015-16 and 2016-17.

Following modest growth in 2014-15, carbon pricing mechanism receipts are expected to fall 27 per cent in 2015-16 following the end of the fixed price period in 2014-15 and the link to the European price in 2015-16. Receipts are projected to fall a further 27 per cent in 2016-17 largely because there are no longer any fixed-price receipts.

Non-taxation receipts

Non-taxation receipts (including Future Fund earnings) are expected to increase by 21 per cent (\$4.2 billion) in 2012-13, and decrease by 12.3 per cent (\$3.0 billion) in 2013-14. The increase in 2012-13 is largely a consequence of the sale of 15 year licences of 800MHz spectrum and changed arrangements for unclaimed superannuation funds and unclaimed company, bank account and life insurance monies.

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Table 7: Australian Government general government (cash) receipts

	Actual	Estimates			Projections	
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	\$m	\$m	\$m	\$m	\$m	\$m
Individuals' and other withholding taxes						
Gross income tax withholding	142,770	150,300	163,200	176,600	190,500	203,100
Gross other individuals	31,141	33,300	34,400	38,400	43,200	47,900
less: Refunds	25,537	26,750	26,800	28,350	30,250	32,100
Total individuals' and other withholding tax	148,373	156,850	170,800	186,650	203,450	218,900
Fringe benefits tax	3,731	3,860	4,270	4,660	5,000	5,310
Company tax	66,584	66,000	71,650	72,800	78,450	82,800
Superannuation funds	7,562	7,680	8,340	10,040	12,650	14,050
Resource rent taxes(a)	1,463	1,710	3,100	3,500	4,210	5,300
Income taxation receipts	227,714	236,100	258,160	277,650	303,760	326,360
Sales taxes						
Goods and services tax	45,861	47,918	50,443	53,019	56,009	58,890
Wine equalisation tax	708	720	770	810	860	910
Luxury car tax	435	430	400	360	390	420
Total sales taxes	47,004	49,068	51,613	54,189	57,259	60,220
Excise duty						
Petrol	6,036	6,000	5,900	5,850	5,900	6,000
Diesel	8,231	8,600	9,100	9,200	9,400	9,700
Beer	1,938	1,950	2,020	2,090	2,210	2,330
Other excisable products(b)	9,340	9,020	9,540	9,710	9,840	10,130
of which: Other excisable beverages(c)	909	900	960	1,000	1,050	1,110
Total excise duty receipts	25,545	25,570	26,560	26,850	27,350	28,160
Customs duty						
Textiles, clothing and footwear	655	680	710	560	410	440
Passenger motor vehicles	805	920	920	990	1,060	1,140
Excise-like goods(b)	4,307	5,660	5,850	6,010	6,220	6,510
Other imports	1,440	1,530	1,600	1,670	1,790	1,910
less: Refunds and drawbacks	212	330	260	260	260	260
Total customs duty receipts	6,996	8,460	8,820	8,970	9,220	9,740
Carbon pricing mechanism	-	4,160	6,265	6,395	4,645	3,395
Other indirect taxation						
Agricultural levies	421	463	443	434	440	446
Other taxes	2,263	2,476	2,992	3,263	3,136	3,173
Total other indirect taxation receipts	2,684	2,939	3,436	3,697	3,575	3,619
Indirect taxation receipts	82,229	90,197	96,694	100,101	102,049	105,134
Taxation receipts	309,943	326,297	354,854	377,751	405,809	431,494
Sales of goods and services	7,778	9,043	8,639	8,409	8,562	8,726
Interest received	4,267	3,674	4,074	4,055	4,575	4,837
Dividends	1,789	3,186	2,526	2,317	2,520	2,571
Other non-taxation receipts	6,098	8,211	5,901	8,638	7,464	6,015
Non-taxation receipts	19,931	24,113	21,140	23,419	23,121	22,149
Total receipts	329,874	350,410	375,993	401,171	428,931	453,642
Memorandum:						
Capital gains tax(d)	6,000	6,600	8,100	11,100	13,600	15,900
Medicare levy receipts	9,119	9,720	10,300	14,190	15,230	16,200

(a) Comprises gross receipts from the PRRT and MRRT. Net receipts from the MRRT are expected to be \$0.2 billion in 2012-13, \$0.7 billion in 2013-14, \$1.0 billion in 2014-15, \$1.4 billion in 2015-16 and \$2.2 billion in 2016-17 which represent the net receipt impact across different revenue heads. These include offsetting reductions in company tax (through deductibility) and interactions with other taxes.

(b) Tobacco estimates are not separately reported due to taxpayer confidentiality. See Budget Statement 9, note 3, footnote (b) for more information.

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

(d) Capital gains tax is part of other individuals, companies and superannuation funds tax. The 2011-12 reported figure is an estimate.

Revenue variations since the 2012-13 MYEFO

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

Table 8 provides a reconciliation of the Budget's revenue estimates with those at the 2012-13 MYEFO.

Table 8: Reconciliation of total Australian Government general government revenue estimates from the 2012-13 MYEFO

	Estimates		Projections	
	2012-13	2013-14	2014-15	2015-16
	\$m	\$m	\$m	\$m
Revenue at 2012-13 MYEFO	373,739	403,161	421,871	446,438
Changes from 2012-13 MYEFO to 2013-14 Budget				
Effect of policy decisions(a)	-36	111	5,533	9,766
Effect of parameter and other variations	-13,742	-15,523	-15,792	-18,108
Total variations	-13,778	-15,412	-10,260	-8,342
Revenue at 2013-14 Budget	359,961	387,749	411,612	438,097

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

Since the 2012-13 MYEFO, total revenue has been revised down by \$15.4 billion in 2012-13 and by \$10.3 billion in 2013-14. The factors affecting downward revisions to tax receipts are also at play with regards to revenue write-downs.

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Table 9: Australian Government general government (accrual) revenue

	Actual	Estimates			Projections	
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	\$m	\$m	\$m	\$m	\$m	\$m
Individuals' and other withholding taxes						
Gross income tax withholding	143,978	151,660	164,660	178,100	192,120	204,820
Gross other individuals	32,992	35,940	37,490	41,580	46,640	51,580
less: Refunds	25,537	26,750	26,800	28,350	30,250	32,100
Total individuals' and other withholding tax	151,433	160,850	175,350	191,330	208,510	224,300
Fringe benefits tax	3,964	3,890	4,320	4,740	5,080	5,390
Company tax	66,726	68,132	73,969	74,860	80,666	85,213
Superannuation funds	7,852	7,800	8,480	10,210	12,850	14,270
Resource rent taxes(a)	1,293	1,740	3,420	3,530	4,180	5,340
Income taxation revenue	231,268	242,412	265,539	284,670	311,286	334,513
Sales taxes						
Goods and services tax	48,849	50,220	53,080	55,760	58,920	61,830
Wine equalisation tax	716	730	780	820	870	920
Luxury car tax	440	430	400	360	390	420
Total sales taxes	50,004	51,380	54,260	56,940	60,180	63,170
Excise duty						
Petrol	6,016	6,000	5,790	5,870	5,920	6,000
Diesel	8,203	8,610	8,920	9,230	9,430	9,710
Beer	1,932	1,950	1,980	2,100	2,220	2,330
Other excisable products(b)	9,329	9,030	9,360	9,750	9,880	10,130
of which: Other excisable beverages(c)	906	900	960	1,000	1,050	1,110
Total excise duty revenue	25,480	25,590	26,050	26,950	27,450	28,170
Customs duty						
Textiles, clothing and footwear	655	680	710	560	410	440
Passenger motor vehicles	903	920	920	990	1,060	1,140
Excise-like goods(b)	4,307	5,660	5,850	6,010	6,220	6,510
Other imports	1,441	1,540	1,610	1,670	1,790	1,910
less: Refunds and drawbacks	202	330	260	260	260	260
Total customs duty revenue	7,105	8,470	8,830	8,970	9,220	9,740
Carbon pricing mechanism	-	7,540	8,340	9,270	4,090	6,110
Other indirect taxation						
Agricultural levies	421	463	443	434	440	446
Other taxes	2,501	2,871	3,202	3,372	3,309	3,446
Total other indirect taxation revenue	2,922	3,335	3,646	3,806	3,748	3,892
Indirect taxation revenue	85,511	96,315	101,126	105,936	104,688	111,082
Taxation revenue	316,779	338,727	366,664	390,606	415,974	445,595
Sales of goods and services	8,106	8,757	8,577	8,443	8,614	8,776
Interest	4,617	3,764	4,313	4,477	4,980	5,448
Dividends	2,662	2,429	2,426	2,265	2,476	2,604
Other non-taxation revenue	5,945	6,284	5,768	5,820	6,052	6,146
Non-taxation revenue	21,330	21,234	21,085	21,006	22,122	22,974
Total revenue	338,109	359,961	387,749	411,612	438,097	468,569
<i>Memorandum:</i>						
Capital gains tax(d)	6,000	6,600	8,100	11,100	13,600	15,900
Medicare levy revenue	9,119	9,720	10,300	14,190	15,230	16,200

(a) Comprises gross revenue from the PRRT and MRRT. Net revenue from the MRRT are expected to be \$0.2 billion in 2012-13, \$0.7 billion in 2013-14, \$1.0 billion in 2014-15, \$1.4 billion in 2015-16 and \$2.2 billion in 2016-17 which represent the net revenue impact across different revenue heads. These include offsetting reductions in company tax (through deductibility) and interactions with other taxes.

(b) Tobacco estimates are not separately reported due to taxpayer confidentiality. See Budget Statement 9, note 3, footnote (b) for more information.

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

(d) Capital gains tax is part of other individuals, companies and superannuation funds tax. The 2011-12 reported figure is an estimate.

APPENDIX A: PERSONAL INCOME TAX RATES

Table A1: Personal income tax rates^(a)

	From 1 July 2011		From 1 July 2012		From 1 July 2013		From 1 July 2014	
	Taxable income	Per cent	Taxable income	Per cent	Taxable income	Per cent	Taxable income	Per cent
Residents	\$0–\$6,000	Nil	\$0–\$18,200	Nil	\$0–\$18,200	Nil	\$0–\$18,200	Nil
	\$6,001–\$37,000	15	\$18,201–\$37,000	19	\$18,201–\$37,000	19	\$18,201–\$37,000	19
	\$37,001–\$80,000	30	\$37,001–\$80,000	32.5	\$37,001–\$80,000	32.5	\$37,001–\$80,000	32.5
	\$80,001–\$180,000	37	\$80,001–\$180,000	37	\$80,001–\$180,000	37	\$80,001–\$180,000	37
	> \$180,000	45	> \$180,000	45	> \$180,000	45	> \$180,000	45
Non-residents	\$0–\$37,000	29						
	\$37,001–\$80,000	30	\$0–\$80,000	32.5	\$0–\$80,000	32.5	\$0–\$80,000	32.5
	\$80,001–\$180,000	37	\$80,001–\$180,000	37	\$80,001–\$180,000	37	\$80,001–\$180,000	37
	> \$180,000	45	> \$180,000	45	> \$180,000	45	> \$180,000	45
Medicare levy (for singles)	\$0–\$19,404	Nil	\$0–\$20,542	Nil	\$0–\$20,542	Nil	\$0–\$20,542	Nil
	\$19,405–\$22,828	10% of > \$19,404	\$20,543–\$24,167	10% of > \$20,542	\$20,543–\$24,167	10% of > \$20,542	\$20,543–\$25,677	10% of > \$20,542
	> \$22,828	1.5	> \$24,167	1.5	> \$24,167	1.5	> \$25,677	2.0
Low Income Tax Offset		Amount		Amount		Amount		Amount
	\$0–\$30,000	\$1,500	\$0–\$37,000	\$445	\$0–\$37,000	\$445	\$0–\$37,000	\$445
	\$30,001–\$67,500	less 4% of > \$30,000	\$37,001–\$66,666	less 1.5% of > \$37,000	\$37,001–\$66,666	less 1.5% of > \$37,000	\$37,001–\$66,666	less 1.5% of > \$37,000
	> \$67,500	Nil	> \$66,666	Nil	> \$66,666	Nil	> \$66,666	Nil

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

APPENDIX B: CHANGES SINCE THE 2012-13 MYEFO

Table B1: Reconciliation of 2012-13 general government (cash) receipts

	Estimates		Change on MYEFO	
	MYEFO \$m	Budget \$m	\$m	%
Individuals' and other withholding taxes				
Gross income tax withholding	151,300	150,300	-1,000	-0.7
Gross other individuals	35,000	33,300	-1,700	-4.9
less: Refunds	26,500	26,750	250	0.9
Total individuals' and other withholding taxation	159,800	156,850	-2,950	-1.8
Fringe benefits tax	3,970	3,860	-110	-2.8
Company tax	71,170	66,000	-5,170	-7.3
Superannuation funds	8,050	7,680	-370	-4.6
Resource rent taxes(a)	5,400	1,710	-3,690	-68.3
Income taxation receipts	248,390	236,100	-12,290	-4.9
Sales taxes				
Goods and services tax	48,432	47,918	-515	-1.1
Wine equalisation tax	710	720	10	1.4
Luxury car tax	450	430	-20	-4.4
Total sales taxes	49,592	49,068	-525	-1.1
Excise duty				
Petrol	6,000	6,000	0	0.0
Diesel	8,700	8,600	-100	-1.1
Beer	2,070	1,950	-120	-5.8
Other excisable products(b)	9,700	9,020	-680	-7.0
of which: Other excisable beverages(c)	930	900	-30	-3.2
Total excise duty receipts	26,470	25,570	-900	-3.4
Customs duty				
Textiles, clothing and footwear	700	680	-20	-2.9
Passenger motor vehicles	920	920	0	0.0
Excise-like goods(b)	4,850	5,660	810	16.7
Other imports	1,530	1,530	0	0.0
less: Refunds and drawbacks	200	330	130	65.0
Total customs duty receipts	7,800	8,460	660	8.5
Carbon pricing mechanism	4,020	4,160	140	3.5
Other indirect taxation				
Agricultural levies	440	463	24	5.4
Other taxes	2,497	2,476	-21	-0.9
Total other indirect taxation receipts	2,937	2,939	2	0.1
Indirect taxation receipts	90,819	90,197	-622	-0.7
Taxation receipts	339,209	326,297	-12,912	-3.8
Sales of goods and services	8,818	9,043	225	2.6
Interest received	4,390	3,674	-717	-16.3
Dividends	3,268	3,186	-83	-2.5
Other non-taxation receipts	11,356	8,211	-3,145	-27.7
Non-taxation receipts	27,832	24,113	-3,719	-13.4
Total receipts	367,041	350,410	-16,631	-4.5
<i>Memorandum:</i>				
Capital gains tax(d)	8,400	6,600	-1,800	-21.4
Medicare levy receipts	9,700	9,720	20	0.2

(a) Comprises gross receipts from the PRRT and MRRT.

(b) Tobacco estimates are not separately reported due to taxpayer confidentiality. See Budget Statement 9, note 3, footnote (b) for more information.

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

(d) Capital gains tax is part of other individuals, companies and superannuation funds tax.

Statement 5: Revenue

Table B2: Reconciliation of 2013-14 general government (cash) receipts

	Estimates		Change on MYEFO	
	MYEFO \$m	Budget \$m	\$m	%
Individuals' and other withholding taxes				
Gross income tax withholding	163,900	163,200	-700	-0.4
Gross other individuals	37,300	34,400	-2,900	-7.8
less: Refunds	26,700	26,800	100	0.4
Total individuals' and other withholding taxation	174,500	170,800	-3,700	-2.1
Fringe benefits tax	4,450	4,270	-180	-4.0
Company tax	78,680	71,650	-7,030	-8.9
Superannuation funds	9,050	8,340	-710	-7.8
Resource rent taxes(a)	6,400	3,100	-3,300	-51.6
Income taxation receipts	273,080	258,160	-14,920	-5.5
Sales taxes				
Goods and services tax	51,189	50,443	-746	-1.5
Wine equalisation tax	720	770	50	6.9
Luxury car tax	460	400	-60	-13.0
Total sales taxes	52,369	51,613	-756	-1.4
Excise duty				
Petrol	5,950	5,900	-50	-0.8
Diesel	9,300	9,100	-200	-2.2
Beer	2,180	2,020	-160	-7.3
Other excisable products(b)	9,550	9,540	-10	-0.1
of which: Other excisable beverages(c)	990	960	-30	-3.0
Total excise duty receipts	26,980	26,560	-420	-1.6
Customs duty				
Textiles, clothing and footwear	720	710	-10	-1.4
Passenger motor vehicles	960	920	-40	-4.2
Excise-like goods(b)	5,850	5,850	0	0.0
Other imports	1,670	1,600	-70	-4.2
less: Refunds and drawbacks	200	260	60	30.0
Total customs duty receipts	9,000	8,820	-180	-2.0
Carbon pricing mechanism	6,640	6,265	-375	-5.6
Other indirect taxation				
Agricultural levies	436	443	7	1.6
Other taxes	2,888	2,992	105	3.6
Total other indirect taxation receipts	3,324	3,436	111	3.4
Indirect taxation receipts	98,313	96,694	-1,619	-1.6
Taxation receipts	371,393	354,854	-16,539	-4.5
Sales of goods and services	8,758	8,639	-120	-1.4
Interest received	4,486	4,074	-412	-9.2
Dividends	2,004	2,526	522	26.1
Other non-taxation receipts	5,954	5,901	-53	-0.9
Non-taxation receipts	21,201	21,140	-62	-0.3
Total receipts	392,595	375,993	-16,601	-4.2
Memorandum:				
Capital gains tax(d)	11,000	8,100	-2,900	-26.4
Medicare levy receipts	10,390	10,300	-90	-0.9

(a) Comprises gross receipts from the PRRT and MRRT.

(b) Tobacco estimates are not separately reported due to taxpayer confidentiality. See Budget Statement 9, note 3, footnote (b) for more information.

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

(d) Capital gains tax is part of other individuals, companies and superannuation funds tax.

Table B3: Reconciliation of 2012-13 general government (accrual) revenue

	Estimates		Change on MYEFO	
	MYEFO \$m	Budget \$m	\$m	%
Individuals' and other withholding taxes				
Gross income tax withholding	152,590	151,660	-930	-0.6
Gross other individuals	37,840	35,940	-1,900	-5.0
less: Refunds	26,500	26,750	250	0.9
Total individuals' and other withholding taxation	163,930	160,850	-3,080	-1.9
Fringe benefits tax	4,040	3,890	-150	-3.7
Company tax	72,982	68,132	-4,850	-6.6
Superannuation funds	8,250	7,800	-450	-5.5
Resource rent taxes(a)	5,580	1,740	-3,840	-68.8
Income taxation revenue	254,782	242,412	-12,370	-4.9
Sales taxes				
Goods and services tax	50,790	50,220	-570	-1.1
Wine equalisation tax	720	730	10	1.4
Luxury car tax	450	430	-20	-4.4
Total sales taxes	51,960	51,380	-580	-1.1
Excise duty				
Petrol	6,000	6,000	0	0.0
Diesel	8,700	8,610	-90	-1.0
Beer	2,070	1,950	-120	-5.8
Other excisable products(b)	9,720	9,030	-690	-7.1
of which: Other excisable beverages(c)	930	900	-30	-3.2
Total excise duty revenue	26,490	25,590	-900	-3.4
Customs duty				
Textiles, clothing and footwear	700	680	-20	-2.9
Passenger motor vehicles	920	920	0	0.0
Excise-like goods(b)	4,850	5,660	810	16.7
Other imports	1,540	1,540	0	0.0
less: Refunds and drawbacks	180	330	150	83.3
Total customs duty revenue	7,830	8,470	640	8.2
Carbon pricing mechanism	7,690	7,540	-150	-2.0
Other indirect taxation				
Agricultural levies	440	463	24	5.4
Other taxes	2,900	2,871	-28	-1.0
Total other indirect taxation revenue	3,339	3,335	-5	-0.1
Indirect taxation revenue	97,309	96,315	-995	-1.0
Taxation revenue	352,092	338,727	-13,365	-3.8
Sales of goods and services	8,594	8,757	163	1.9
Interest	4,465	3,764	-700	-15.7
Dividends	2,479	2,429	-50	-2.0
Other non-taxation revenue	6,109	6,284	175	2.9
Non-taxation revenue	21,647	21,234	-413	-1.9
Total revenue	373,739	359,961	-13,778	-3.7
<i>Memorandum:</i>				
Capital gains tax(d)	8,400	6,600	-1,800	-21.4
Medicare levy revenue	9,700	9,720	20	0.2

(a) Comprises gross revenue from the PRRT and MRRT.

(b) Tobacco estimates are not separately reported due to taxpayer confidentiality. See Budget Statement 9, note 3, footnote (b) for more information.

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

(d) Capital gains tax is part of other individuals, companies and superannuation funds tax.

Statement 5: Revenue

Table B4: Reconciliation of 2013-14 general government (accrual) revenue

	Estimates		Change on MYEFO	
	MYEFO \$m	Budget \$m	\$m	%
Individuals' and other withholding taxes				
Gross income tax withholding	165,250	164,660	-590	-0.4
Gross other individuals	40,080	37,490	-2,590	-6.5
less: Refunds	26,700	26,800	100	0.4
Total individuals' and other withholding taxation	178,630	175,350	-3,280	-1.8
Fringe benefits tax	4,530	4,320	-210	-4.6
Company tax	80,459	73,969	-6,490	-8.1
Superannuation funds	9,290	8,480	-810	-8.7
Resource rent taxes(a)	6,560	3,420	-3,140	-47.9
Income taxation revenue	279,469	265,539	-13,930	-5.0
Sales taxes				
Goods and services tax	53,730	53,080	-650	-1.2
Wine equalisation tax	730	780	50	6.8
Luxury car tax	460	400	-60	-13.0
Total sales taxes	54,920	54,260	-660	-1.2
Excise duty				
Petrol	5,840	5,790	-50	-0.9
Diesel	9,120	8,920	-200	-2.2
Beer	2,140	1,980	-160	-7.5
Other excisable products(b)	9,350	9,360	10	0.1
of which: Other excisable beverages(c)	990	960	-30	-3.0
Total excise duty revenue	26,450	26,050	-400	-1.5
Customs duty				
Textiles, clothing and footwear	720	710	-10	-1.4
Passenger motor vehicles	960	920	-40	-4.2
Excise-like goods(b)	5,850	5,850	0	0.0
Other imports	1,680	1,610	-70	-4.2
less: Refunds and drawbacks	180	260	80	44.4
Total customs duty revenue	9,030	8,830	-200	-2.2
Carbon pricing mechanism	8,685	8,340	-345	-4.0
Other indirect taxation				
Agricultural levies	436	443	7	1.6
Other taxes	3,033	3,202	169	5.6
Total other indirect taxation revenue	3,470	3,646	176	5.1
Indirect taxation revenue	102,555	101,126	-1,429	-1.4
Taxation revenue	382,023	366,664	-15,359	-4.0
Sales of goods and services	8,791	8,577	-213	-2.4
Interest	4,628	4,313	-316	-6.8
Dividends	1,950	2,426	476	24.4
Other non-taxation revenue	5,769	5,768	0	0.0
Non-taxation revenue	21,138	21,085	-53	-0.3
Total revenue	403,161	387,749	-15,412	-3.8
<i>Memorandum:</i>				
Capital gains tax(d)	11,000	8,100	-2,900	-26.4
Medicare levy revenue	10,390	10,300	-90	-0.9

(a) Comprises gross revenue from the PRRT and MRRT.

(b) Tobacco estimates are not separately reported due to taxpayer confidentiality. See Budget Statement 9, note 3, footnote (b) for more information.

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

(d) Capital gains tax is part of other individuals, companies and superannuation funds tax.

APPENDIX C: RECEIPTS AND REVENUE HISTORY AND FORECASTS

Table C1: Australian Government (cash) receipts

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
									(est)	(est)	(est)	(proj)	(proj)
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Individuals' and other withholding taxes													
Gross income tax withholding	97,304	103,120	107,119	113,982	115,899	118,532	129,654	142,770	150,300	163,200	176,600	190,500	203,100
Gross other individuals	22,554	24,895	25,797	29,525	30,030	25,928	27,795	31,141	33,300	34,400	38,400	43,200	47,900
less: Refunds	13,734	15,244	17,145	19,601	23,569	24,390	24,711	25,537	26,750	26,800	28,350	30,250	32,100
Total individuals' and other withholding	106,123	112,770	115,770	123,906	122,361	120,070	132,739	148,373	156,850	170,800	186,650	203,450	218,900
Fringe benefits tax	3,703	4,049	3,761	3,856	3,399	3,504	3,303	3,731	3,860	4,270	4,660	5,000	5,310
Company tax	40,404	48,960	57,100	61,700	60,391	52,209	56,262	66,584	66,000	71,650	72,800	78,450	82,800
Superannuation funds	6,248	6,368	8,211	12,054	9,217	6,099	6,519	7,562	7,680	8,340	10,040	12,650	14,050
Resource rent taxes(a)	1,459	1,917	1,510	1,686	2,184	1,251	806	1,463	1,710	3,100	3,500	4,210	5,300
Income taxation receipts	157,937	174,063	186,353	203,202	197,552	183,132	199,628	227,714	236,100	258,160	277,650	303,760	326,360
Sales taxes													
Goods and services tax	35,184	37,342	39,614	42,424	41,335	43,967	46,083	45,861	47,918	50,443	53,019	56,009	58,890
Wine equalisation tax	682	656	650	665	693	733	722	708	720	770	810	860	910
Luxury car tax	298	322	364	452	393	472	483	435	430	400	360	390	420
Other sales taxes(b)	-10	-16	-6	0	-1	0	0	0	0	0	0	0	0
Total sales taxes	36,154	38,304	40,621	43,541	42,420	45,173	47,288	47,004	49,068	51,613	54,189	57,259	60,220
Excise duty													
Fuel excise	14,276	13,992	14,663	15,252	15,637	15,675	16,267	16,978	17,740	18,400	18,500	18,590	18,990
Other excise	7,612	7,822	8,086	8,474	8,736	8,764	9,490	8,567	7,830	8,160	8,350	8,760	9,170
Total excise duty	21,888	21,814	22,749	23,727	24,373	24,439	25,756	25,545	25,570	26,560	26,850	27,350	28,160
Customs duty	5,012	4,488	5,063	5,561	5,814	5,341	5,429	6,996	8,460	8,820	8,970	9,220	9,740
Carbon pricing mechanism									4,160	6,265	6,395	4,645	3,395
Other indirect taxation													
Agricultural levies	584	610	608	611	620	395	445	421	463	443	434	440	446
Other taxes	1,740	1,936	1,999	1,734	1,848	2,494	2,292	2,263	2,476	2,992	3,263	3,136	3,173
Total other indirect taxation receipts	2,324	2,546	2,607	2,345	2,468	2,888	2,738	2,684	2,939	3,436	3,697	3,575	3,619
Indirect taxation receipts	65,377	67,152	71,039	75,174	75,075	77,841	81,211	82,229	90,197	96,694	100,101	102,049	105,134
Taxation receipts	223,314	241,215	257,392	278,376	272,627	260,973	280,839	309,943	326,297	354,854	377,751	405,809	431,494

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

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
									(est)	(est)	(est)	(proj)	(proj)
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Interest received	1,400	2,325	3,731	4,769	5,166	4,025	4,943	4,267	3,674	4,074	4,055	4,575	4,837
Dividends and other	11,271	12,403	11,514	11,772	14,806	19,665	16,242	15,665	20,440	17,066	19,364	18,546	17,312
Non-taxation receipts	12,670	14,728	15,245	16,540	19,973	23,689	21,185	19,931	24,113	21,140	23,419	23,121	22,149
Total receipts	235,985	255,943	272,637	294,917	292,600	284,662	302,024	329,874	350,410	375,993	401,171	428,931	453,642

(a) Comprises gross receipts from the PRRT and MRRT. Net receipts from the MRRT are expected to be \$0.2 billion in 2012-13, \$0.7 billion in 2013-14, \$1.0 billion in 2014-15, \$1.4 billion in 2015-16 and \$2.2 billion in 2016-17 which represent the net receipt impact across different revenue heads. These include offsetting reductions in company tax (through deductibility) and interactions with other taxes.

(b) 'Other sales taxes' includes wholesale sales tax.

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

	Income tax									Indirect tax					Total tax receipts %	Total non-tax receipts %	Total receipts %
	Gross			Total			Total			Excise &		Other		Total			
	ITW %	other ind.(b) %	Refunds %	ind. & withholding %	FBT %	Super funds %	Companies %	RRT(c) %	income tax %	Sales taxes(d) %	Customs duty %	CPM(e) %	tax %	indirect tax %			
1978-79	9.7	2.0	0.9	10.9	0.0	0.0	2.6	0.0	13.5	1.5	4.4	-	0.4	6.3	19.7	2.3	22.0
1979-80	10.0	2.1	0.8	11.3	0.0	0.0	2.5	0.0	13.8	1.4	4.8	-	0.4	6.6	20.4	2.1	22.5
1980-81	10.1	2.2	0.8	11.6	0.0	0.0	3.1	0.0	14.7	1.4	5.0	-	0.3	6.7	21.4	2.2	23.6
1981-82	10.8	2.2	0.8	12.2	0.0	0.0	2.9	0.0	15.1	1.6	4.6	-	0.3	6.5	21.6	2.1	23.6
1982-83	11.1	2.2	1.0	12.3	0.0	0.0	2.6	0.0	14.8	1.8	4.7	-	0.3	6.9	21.7	2.3	24.0
1983-84	10.7	2.1	1.1	11.7	0.0	0.0	2.1	0.0	13.8	1.9	4.8	-	0.4	7.1	21.0	2.4	23.4
1984-85	11.2	2.3	0.9	12.6	0.0	0.0	2.4	0.0	15.0	2.1	5.0	-	0.5	7.5	22.5	2.5	25.0
1985-86	11.5	2.6	1.3	12.8	0.0	0.0	2.3	0.0	15.1	2.2	4.9	-	0.4	7.5	22.6	2.8	25.4
1986-87	11.8	3.0	1.3	13.6	0.2	0.0	2.4	0.0	16.1	2.2	4.6	-	0.4	7.2	23.3	2.9	26.2
1987-88	11.4	3.0	1.3	13.1	0.3	0.0	2.7	0.0	16.1	2.3	4.3	-	0.4	7.0	23.1	2.6	25.7
1988-89	11.8	2.7	1.4	13.1	0.3	0.0	2.8	0.0	16.2	2.6	3.5	-	0.4	6.5	22.7	2.0	24.7
1989-90	11.5	2.6	1.5	12.6	0.3	0.1	3.2	0.0	16.2	2.5	3.4	-	0.3	6.2	22.4	1.9	24.4
1990-91	11.2	2.7	1.6	12.3	0.3	0.3	3.4	0.1	16.3	2.3	3.3	-	0.4	6.0	22.3	1.8	24.1
1991-92	10.9	2.2	1.8	11.2	0.3	0.3	3.2	0.2	15.2	2.2	3.0	-	0.3	5.4	20.6	2.0	22.6
1992-93	10.8	1.9	1.8	10.9	0.3	0.3	2.9	0.3	14.8	2.1	2.9	-	0.2	5.2	20.0	2.0	22.0
1993-94	10.7	1.9	1.5	11.0	0.3	0.3	2.7	0.2	14.5	2.2	3.0	-	0.2	5.5	20.0	2.2	22.2
1994-95	10.9	1.9	1.6	11.2	0.6	0.4	3.1	0.2	15.4	2.3	3.1	-	0.2	5.7	21.1	1.7	22.9
1995-96	11.3	1.9	1.6	11.7	0.6	0.3	3.4	0.1	16.1	2.4	3.0	-	0.2	5.7	21.8	1.6	23.5
1996-97	11.6	2.1	1.6	12.1	0.6	0.5	3.4	0.2	16.8	2.4	3.0	-	0.2	5.5	22.4	1.6	24.0
1997-98	11.8	2.1	1.6	12.2	0.5	0.5	3.3	0.2	16.7	2.4	2.9	-	0.2	5.5	22.2	1.7	23.9
1998-99	12.1	2.1	1.7	12.5	0.5	0.6	3.3	0.1	17.1	2.4	2.8	-	0.0	5.2	22.3	2.2	24.5

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

	Income tax									Indirect tax					Total tax receipts %	Total non-tax receipts %	Total receipts %
	Gross			Total			Total			Excise &		Other		Total			
	ITW %	other ind.(b) %	Refunds %	ind. & withholding %	FBT %	Super funds %	Companies %	RRT(c) %	income tax %	Sales taxes(d) %	Customs duty %	CPM(e) %	tax %	indirect tax %			
1999-00	12.2	2.0	1.7	12.6	0.6	0.6	3.7	0.2	17.6	2.3	2.7	-	0.2	5.2	22.9	2.2	25.1
2000-01	10.6	1.9	1.6	10.9	0.5	0.7	4.5	0.3	16.9	3.6	3.3	-	0.2	7.2	24.1	1.8	25.9
2001-02	10.5	2.2	1.4	11.2	0.5	0.6	3.6	0.2	16.1	3.6	3.2	-	0.3	7.1	23.2	1.7	24.8
2002-03	10.5	2.2	1.5	11.2	0.4	0.6	4.1	0.2	16.6	3.9	3.2	-	0.3	7.4	24.0	1.6	25.5
2003-04	10.4	2.3	1.4	11.3	0.4	0.6	4.2	0.1	16.7	4.0	3.0	-	0.3	7.3	24.0	1.4	25.3
2004-05	10.6	2.4	1.5	11.5	0.4	0.7	4.4	0.2	17.1	3.9	2.9	-	0.3	7.1	24.2	1.4	25.6
2005-06	10.4	2.5	1.5	11.3	0.4	0.6	4.9	0.2	17.5	3.8	2.6	-	0.3	6.7	24.2	1.5	25.7
2006-07	9.9	2.4	1.6	10.7	0.3	0.8	5.3	0.1	17.2	3.7	2.6	-	0.2	6.6	23.8	1.4	25.2
2007-08	9.7	2.5	1.7	10.5	0.3	1.0	5.2	0.1	17.3	3.7	2.5	-	0.2	6.4	23.7	1.4	25.1
2008-09	9.2	2.4	1.9	9.8	0.3	0.7	4.8	0.2	15.8	3.4	2.4	-	0.2	6.0	21.7	1.6	23.3
2009-10	9.2	2.0	1.9	9.3	0.3	0.5	4.0	0.1	14.2	3.5	2.3	-	0.2	6.0	20.2	1.8	22.0
2010-11	9.2	2.0	1.8	9.5	0.2	0.5	4.0	0.1	14.2	3.4	2.2	-	0.2	5.8	20.0	1.5	21.5
2011-12	9.7	2.1	1.7	10.1	0.3	0.5	4.5	0.1	15.4	3.2	2.2	-	0.2	5.6	21.0	1.4	22.4
2012-13 (e)	9.9	2.2	1.8	10.3	0.3	0.5	4.3	0.1	15.5	3.2	2.2	0.3	0.2	5.9	21.5	1.6	23.0
2013-14 (e)	10.2	2.2	1.7	10.7	0.3	0.5	4.5	0.2	16.2	3.2	2.2	0.4	0.2	6.1	22.2	1.3	23.5
2014-15 (e)	10.5	2.3	1.7	11.1	0.3	0.6	4.3	0.2	16.5	3.2	2.1	0.4	0.2	6.0	22.5	1.4	23.9
2015-16 (p)	10.8	2.4	1.7	11.5	0.3	0.7	4.4	0.2	17.2	3.2	2.1	0.3	0.2	5.8	23.0	1.3	24.3
2016-17 (p)	10.9	2.6	1.7	11.8	0.3	0.8	4.4	0.3	17.5	3.2	2.0	0.2	0.2	5.6	23.2	1.2	24.4

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

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

(c) Comprises gross receipts from the PRRT and MRRT. Net receipts from the MRRT are expected to be \$0.2 billion in 2012-13, \$0.7 billion in 2013-14, \$1.0 billion in 2014-15, \$1.4 billion in 2015-16 and \$2.2 billion in 2016-17 which represent the net receipt impact across different revenue heads. These include offsetting reductions in company tax (through deductibility) and interactions with other taxes.

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

(e) Carbon pricing mechanism.

Table C3: Australian Government (accrual) revenue

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
									(est)	(est)	(est)	(proj)	(proj)
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Individuals' and other withholding taxes													
Gross income tax withholding	98,250	103,811	107,809	114,700	117,086	119,922	130,790	143,978	151,660	164,660	178,100	192,120	204,820
Gross other individuals	24,003	25,859	26,952	31,036	32,260	27,287	30,642	32,992	35,940	37,490	41,580	46,640	51,580
/less: Refunds	13,734	15,239	17,147	19,601	23,569	24,390	24,660	25,537	26,750	26,800	28,350	30,250	32,100
Total individuals' and other withholding	108,519	114,431	117,614	126,135	125,777	122,820	136,772	151,433	160,850	175,350	191,330	208,510	224,300
Fringe benefits tax	3,476	4,084	3,754	3,796	3,581	3,523	3,348	3,964	3,890	4,320	4,740	5,080	5,390
Company tax	43,106	48,987	58,538	64,790	60,705	53,193	57,312	66,726	68,132	73,969	74,860	80,666	85,213
Superannuation funds	6,410	6,705	7,879	11,988	9,227	6,182	6,693	7,852	7,800	8,480	10,210	12,850	14,270
Resource rent taxes(a)	1,465	1,991	1,594	1,871	2,099	1,297	806	1,293	1,740	3,420	3,530	4,180	5,340
Income taxation revenue	162,974	176,198	189,378	208,579	201,389	187,016	204,931	231,268	242,412	265,539	284,670	311,286	334,513
Sales taxes													
Goods and services tax	35,975	39,118	41,208	44,381	42,626	46,553	48,093	48,849	50,220	53,080	55,760	58,920	61,830
Wine equalisation tax	693	657	651	661	707	748	747	716	730	780	820	870	920
Luxury car tax	302	331	365	464	384	499	489	440	430	400	360	390	420
Other sales taxes(b)	-13	-19	60	-19	-1	0	0	0	0	0	0	0	0
Total sales taxes	36,957	40,086	42,284	45,486	43,716	47,800	49,329	50,004	51,380	54,260	56,940	60,180	63,170
Excise duty													
Fuel excise	14,350	14,073	14,653	15,085	15,592	15,766	16,305	16,924	17,760	18,020	18,570	18,660	19,000
Other excise	7,631	7,854	8,082	8,441	8,727	8,781	9,497	8,557	7,830	8,030	8,380	8,790	9,170
Total excise duty	21,981	21,927	22,734	23,526	24,319	24,547	25,803	25,480	25,590	26,050	26,950	27,450	28,170
Customs duty	5,548	4,988	5,644	6,070	6,276	5,748	5,828	7,105	8,470	8,830	8,970	9,220	9,740
Carbon pricing mechanism									7,540	8,340	9,270	4,090	6,110
Other indirect taxation													
Agricultural levies	584	610	608	611	620	395	445	421	463	443	434	440	446
Other taxes	1,899	1,908	1,862	1,957	2,334	2,494	2,669	2,501	2,871	3,202	3,372	3,309	3,446
Total other indirect taxation revenue	2,483	2,518	2,470	2,567	2,954	2,889	3,115	2,922	3,335	3,646	3,806	3,748	3,892
Indirect taxation revenue	66,969	69,518	73,132	77,650	77,264	80,984	84,074	85,511	96,315	101,126	105,936	104,688	111,082
Taxation revenue	229,943	245,716	262,510	286,229	278,653	268,000	289,005	316,779	338,727	366,664	390,606	415,974	445,595

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

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
									(est)	(est)	(est)	(proj)	(proj)
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Interest	1,621	2,437	3,921	5,558	5,124	4,430	5,169	4,617	3,764	4,313	4,477	4,980	5,448
Dividends and other	10,943	13,085	11,979	11,942	15,155	20,337	15,716	16,714	17,470	16,772	16,528	17,142	17,526
Non-taxation revenue	12,564	15,522	15,900	17,500	20,280	24,767	20,885	21,330	21,234	21,085	21,006	22,122	22,974
Total revenue	242,507	261,238	278,410	303,729	298,933	292,767	309,890	338,109	359,961	387,749	411,612	438,097	468,569

(a) Comprises gross revenue from the PRRT and MRRT. Net revenue from the MRRT are expected to be \$0.2 billion in 2012-13, \$0.7 billion in 2013-14, \$1.0 billion in 2014-15, \$1.4 billion in 2015-16 and \$2.2 billion in 2016-17 which represent the net revenue impact across different revenue heads. These include offsetting reductions in company tax (through deductibility) and interactions with other taxes.

(b) 'Other sales taxes' includes wholesale sales tax.

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

	Income tax									Indirect tax					Total tax revenue %	Total non-tax revenue %	Total revenue %
	Gross ITW %	Gross other ind. %	Refunds %	Total ind. & w/holding %	FBT %	Super funds %	Companies %	RRT (a) %	Total income tax %	Sales taxes(b) %	Excise & Customs duty %	CPM(c) %	Other tax %	Total indirect tax %			
1999-00	12.3	2.1	1.6	12.8	0.6	0.6	3.7	0.2	17.9	2.4	2.7	-	0.2	5.3	23.2	2.1	25.3
2000-01	10.7	1.9	1.6	11.0	0.5	0.7	5.0	0.3	17.6	3.7	3.3	-	0.3	7.3	24.9	1.4	26.3
2001-02	10.6	2.3	1.4	11.4	0.5	0.6	3.6	0.2	16.3	3.7	3.3	-	0.3	7.3	23.6	1.6	25.2
2002-03	10.6	2.3	1.5	11.4	0.4	0.6	4.2	0.2	16.8	4.0	3.3	-	0.3	7.6	24.4	1.5	25.8
2003-04	10.5	2.4	1.4	11.5	0.4	0.7	4.2	0.1	17.0	4.1	3.1	-	0.3	7.5	24.4	1.4	25.8
2004-05	10.7	2.6	1.5	11.8	0.4	0.7	4.7	0.2	17.7	4.0	3.0	-	0.3	7.3	25.0	1.4	26.3
2005-06	10.4	2.6	1.5	11.5	0.4	0.7	4.9	0.2	17.7	4.0	2.7	-	0.3	7.0	24.7	1.6	26.3
2006-07	10.0	2.5	1.6	10.9	0.3	0.7	5.4	0.1	17.5	3.9	2.6	-	0.2	6.8	24.2	1.5	25.7
2007-08	9.8	2.6	1.7	10.7	0.3	1.0	5.5	0.2	17.7	3.9	2.5	-	0.2	6.6	24.4	1.5	25.8
2008-09	9.3	2.6	1.9	10.0	0.3	0.7	4.8	0.2	16.1	3.5	2.4	-	0.2	6.2	22.2	1.6	23.8
2009-10	9.3	2.1	1.9	9.5	0.3	0.5	4.1	0.1	14.5	3.7	2.3	-	0.2	6.3	20.7	1.9	22.7
2010-11	9.3	2.2	1.8	9.7	0.2	0.5	4.1	0.1	14.6	3.5	2.3	-	0.2	6.0	20.6	1.5	22.1
2011-12	9.8	2.2	1.7	10.3	0.3	0.5	4.5	0.1	15.7	3.4	2.2	-	0.2	5.8	21.5	1.4	22.9
2012-13 (e)	10.0	2.4	1.8	10.6	0.3	0.5	4.5	0.1	15.9	3.4	2.2	0.5	0.2	6.3	22.3	1.4	23.7
2013-14 (e)	10.3	2.3	1.7	11.0	0.3	0.5	4.6	0.2	16.6	3.4	2.2	0.5	0.2	6.3	23.0	1.3	24.3
2014-15 (e)	10.6	2.5	1.7	11.4	0.3	0.6	4.5	0.2	17.0	3.4	2.1	0.6	0.2	6.3	23.3	1.3	24.5
2015-16 (p)	10.9	2.6	1.7	11.8	0.3	0.7	4.6	0.2	17.6	3.4	2.1	0.2	0.2	5.9	23.5	1.3	24.8
2016-17 (p)	11.0	2.8	1.7	12.0	0.3	0.8	4.6	0.3	18.0	3.4	2.0	0.3	0.2	6.0	23.9	1.2	25.2

(a) Comprises gross revenue from the PRRT and MRRT. Net revenue from the MRRT are expected to be \$0.2 billion in 2012-13, \$0.7 billion in 2013-14, \$1.0 billion in 2014-15, \$1.4 billion in 2015-16 and \$2.2 billion in 2016-17 which represent the net revenue impact across different revenue heads. These include offsetting reductions in company tax (through deductibility) and interactions with other taxes.

(b) 'Sales taxes' includes wholesale sales tax prior to 2000-01.

(c) Carbon pricing mechanism.

APPENDIX D: REVENUE FORECASTING METHODOLOGY AND PERFORMANCE

Review of Treasury Macroeconomic and Revenue Forecasting

The Government's receipts forecasts, like all forecasts, are subject to a margin of error. Tax receipts in 2012-13 have been written down by around \$17 billion since the 2012-13 Budget. In light of concerns regarding the performance of economic and revenue forecasts, the Secretary to the Treasury commissioned an independently overseen *Review of Treasury Macroeconomic and Revenue Forecasting* (the Review).

The Review concluded that forecasts of taxation revenue exhibited little evidence of bias over the last twenty years. While taxation revenue forecast errors revealed sustained periods of under- and over-forecasted revenue, these periods were offset over the full time period and, in part, reflected the patterns of forecast errors in the nominal economy. The Review also found that revenue forecast performance is comparable with, or better than, those of official agencies overseas over the past decade.

The Review made 11 recommendations on improving the forecasting methodology, of which four related specifically to revenue forecasting. All of these are currently being implemented.

As discussed in Box D1, a three sector company tax model has been developed and is being utilised in full for the first time this Budget. Other recommendations related to revenue forecasting include: investigating whether further information can be drawn from the Australian Taxation Office's liaison with large corporate taxpayers; examining the feasibility of constructing a micro-simulation model for forecasting personal income tax; and giving further consideration to the appropriate balance between the top-down versus bottom-up approaches to forecasting revenue.

Box D1: Revising the company taxation forecasting methodology

The *Review of Treasury Macroeconomic and Revenue Forecasting* (December 2012) found that some of the largest revenue forecast errors in recent years have been in company tax. Company tax is a relatively large and volatile source of revenue and is difficult to forecast due to both timing and compositional factors. The Review identified two directions for methodological development – more detailed analysis by different sectors and better accounting for companies operating on non-June accounting years.

The forecasting methodology has been revised in two ways. Firstly, the key sectors of mining and finance (including insurance) are now forecast separately from the rest of companies. Both of these sectors have unique characteristics, including the reliance on interest income in the financial sector, the varying impacts of the terms of trade on each sector and the high capital intensity of the mining sector. The latter is particularly important given the recent surge of mining investment in response to mining boom mark I.

These different characteristics contribute to significantly different historical growth rates for profitability in each sector, as shown in Chart A. As the mining sector's share of the economy increases, it becomes more important to fully account for its volatility when forecasting tax collections.

Chart A: Yearly growth in corporate GOS by sector



Source: ABS cat. no. 5206.0 and 5204.0.

Box D1: Revising the company taxation forecasting methodology (continued)

The second methodological revision has been to better estimate the impact of companies who report on non-June accounting years. These different payment patterns can affect both the interpretation of the corporate profit parameter as well as the estimation of the timing of company tax payments. Accurately accounting for both aspects is particularly important when understanding how an economic shock impacts on collections of company tax receipts.

Revenue forecasting methodology and performance

The Government's receipts estimates are generally prepared using a 'base plus growth' methodology. The last known outcome (2011-12 for the 2013-14 Budget) is used as the base to which estimated growth rates are applied, resulting in receipts estimates for the current and future years. The growth rates are determined from forecasts for a large range of economic data, many of which are described in Budget Statement 2.

The smaller and relatively simple heads of revenue, such as luxury car tax and many of the excises, are forecast by mapping the growth rate of an appropriate economic parameter directly to the tax growth rate in the relevant head of revenue. Most of the large and complex heads of revenue, such as personal and company income taxes, are forecast by mapping appropriate economic parameter growth rates to the various income, expense and deduction items on the relevant tax returns. An estimate of total tax payable is then calculated by applying the statutory rates to the estimated income base. Timing models based on past payment behaviour assist in determining whether this tax will be paid in the year the income is earned, such as for pay-as-you-go withholding tax, or in future years, such as for individuals' refunds. Other information affecting receipts forecasts includes known tax collections for the current year, new policy, and calendar date timing (for example, more pay-as-you-go withholding tax is paid on a Thursday than any other day of the week, so years with 53 Thursdays will result in more receipts than years with 52 Thursdays).

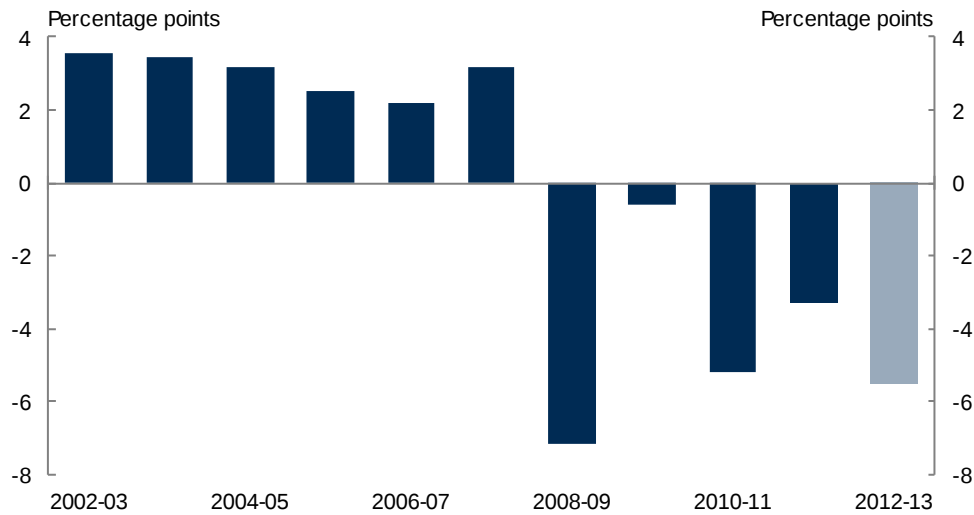
The Government's receipts forecasts, like all forecasts, are subject to a margin of error. The discernible trend between 2002-03 and 2007-08 was for receipts forecasts to under-predict outcomes (Chart D1). For example, the 2007-08 Budget forecast taxation receipts to grow by 5.0 per cent in 2007-08,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

The receipts forecasting error may be split into three underlying sources: errors in economic forecasts that underpin the receipts forecasts; errors in translating the economy to receipts forecasts; and miscellaneous factors such as post-Budget policy decisions, court decisions regarding tax law interpretation, changes in compliance activities of the ATO, and revisions to historical economic data. Note that there may

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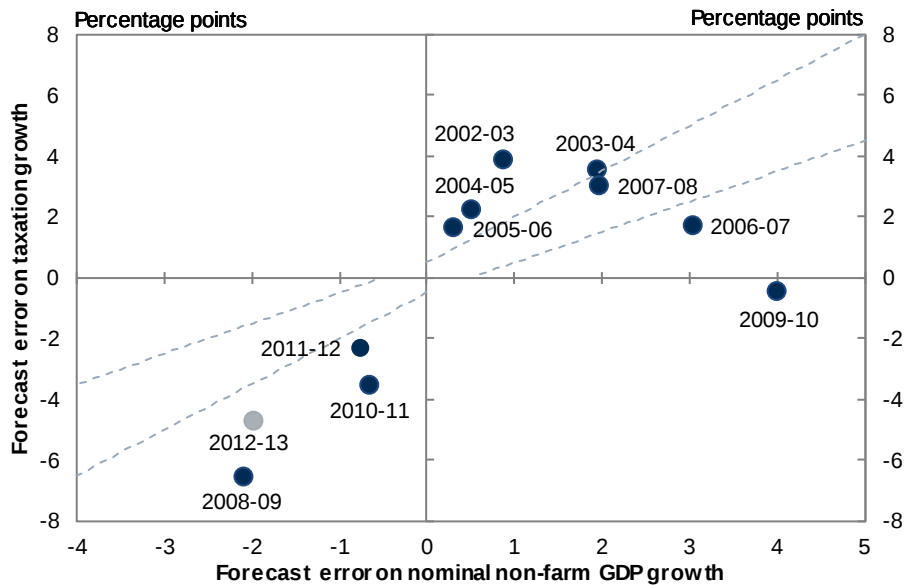
also be secondary errors relating to the timing of payments of tax — even if the underlying forecasts were accurate, revenue may be recorded in the fiscal year before or after it was expected.

Chart D1: Budget forecast error on taxation receipts growth



Source: Treasury.

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



Source: Treasury.

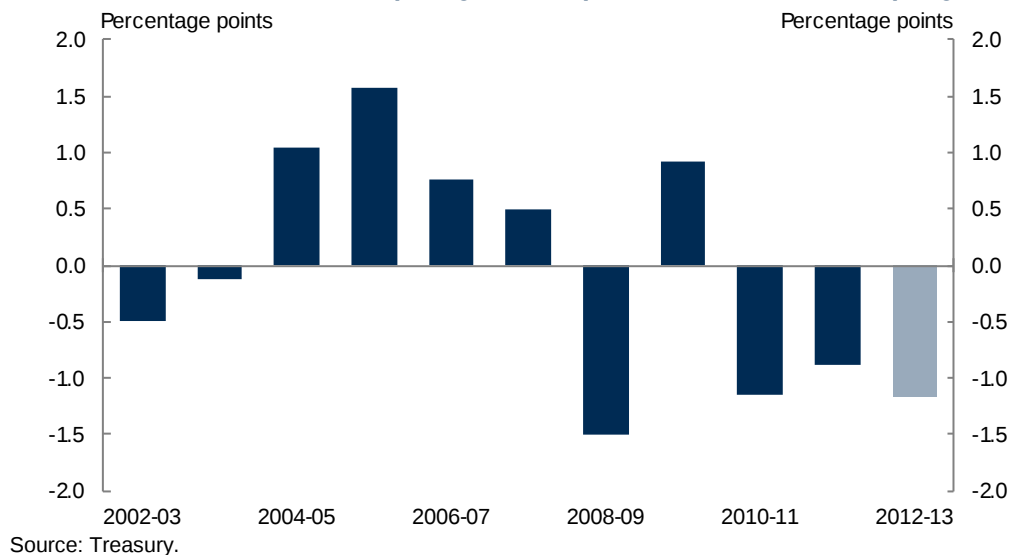
Chart D2 shows the relationship between forecast errors of the economy and tax receipts (excluding CGT) over recent years, including the current estimates for 2012-13. The dotted lines depict a receipts forecasting error of plus or minus 0.5 per cent if there is zero error on the economic forecasts.

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

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

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

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



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

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

The forecast for 2012-13 tax receipts (excluding CGT) in the 2012-13 Budget is expected to be an over estimate of around 4½ percentage points, compared to an over estimate of around 2 percentage points for nominal non-farm GDP growth. In 2012-13, the forecasting error is partly attributed to the shortfall in resource rent taxes. The resource rent tax base is not expected to relate as closely to nominal GDP as taxes on wages or corporate profits. Abstracting from the resource rent tax forecasting error, the forecasting error for tax receipts growth in 2012-13 (excluding CGT) is expected to be around 3 percentage points, consistent with an elasticity of tax to GDP of around 1.5.

Discussions of earlier years can be found in previous budgets.

APPENDIX E: TAX EXPENDITURES

This appendix contains an overview of the size of tax expenditures provided to taxpayers through the tax system.

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

The data reported in this appendix are consistent with the data reported in the *2012 Tax Expenditures Statement* (2012 TES) published in January 2013. The data do not include the impact of decisions in this Budget on tax expenditures.

Care needs to be taken when analysing tax expenditure data: see the 2012 TES for a detailed discussion.

Table E1 contains estimates of total tax expenditures calculated on a revenue foregone basis (see 2012 TES) for the period 2009-10 to 2016-17.

As shown in Table E1, superannuation is forecast to become the largest group of tax expenditures. The Government has announced a range of policies designed to reduce the growth of superannuation tax expenditures over the next 10 years, including reducing the concession on contributions for very high income earners in the 2012-13 Budget, and better targeting the tax exemption for earnings on superannuation assets supporting retirement income streams in this year's Budget.

Table E1: Total measured tax expenditures

Year	Housing \$m	Superannuation \$m	Other tax expenditures \$m	Total \$m	Tax expenditures as a proportion of GDP (%)
2009-10 (est)	40,000	24,089	49,842	113,931	8.8
2010-11 (est)	35,500	27,450	52,032	114,982	8.2
2011-12 (est)	31,000	30,262	50,072	111,334	7.5
2012-13 (proj)	30,000	31,846	53,174	115,020	7.6
2013-14 (proj)	29,500	34,645	55,436	119,581	7.5
2014-15 (proj)	30,000	39,615	58,881	128,496	7.7
2015-16 (proj)	30,500	44,815	61,961	137,276	7.8
2016-17 (proj)	31,000	50,655	64,792	146,447	7.9

Table E2 shows estimates of large measured tax expenditures for 2012-13.

Table E2: Large measured tax expenditures in 2012-13

Tax expenditure		Estimate \$m
Large positive tax expenditures		
C6	Superannuation — concessional taxation of superannuation entity earnings	17,100
E6	Capital gains tax main residence exemption — discount component	16,500
E5	Capital gains tax main residence exemption	13,500
C5	Superannuation — concessional taxation of employer contributions	13,150
H29	GST — Food; uncooked, not prepared, not for consumption on premises of sale and some beverages	6,200
E17	Capital gains tax discount for individuals and trusts	4,180
H16	GST — Education	3,550
H19	GST — Health; medical and health services	3,000
H2	GST — Financial Supplies; input taxed treatment	2,850
A43	Exemption of Family Tax Benefit, Parts A and B	2,050
I6	CPM uncovered sectors — Agriculture	1,970
B16	Exemption from interest withholding tax on certain securities	1,730
A21	Exemption of 30 per cent private health insurance rebate, including expense equivalent	1,570
C3	Concessional taxation of non-superannuation termination benefits	1,500
D14	Philanthropy — Exemption for public benevolent institutions (excluding public and not-for-profit hospitals)	1,410
B91	Statutory effective life caps	1,335
A20	Exemption from the Medicare levy for residents with a taxable income below a threshold	1,300
A64	Philanthropy — Deduction for gifts to deductible gift recipients	1,120
D11	Philanthropy — Exemption for public and not-for-profit hospitals and public ambulance services	1,100
I1	CPM uncovered sectors — Deforestation	1,090
C8	Superannuation — deduction and concessional taxation of certain personal contributions	1,050
H21	GST — Health; residential care, community care and other care services	960
H3	GST — Financial Supplies; reduced input tax credits	940
D19	Application of statutory formula to value car benefits	930
F8	Concessional rate of excise levied on aviation gasoline and aviation turbine fuel	930
H6	GST — Water, sewerage and drainage	880
B93	Deduction for capital works expenditure	825
H5	GST — Child Care Services	820
B101	Research and development — Non-refundable tax offset	800
B4	Income tax exemption for local government bodies	720
H10	GST — Importation threshold	650
A32	Senior Australians' and Pensioners' Tax Offset	610
Large negative tax expenditures		
F25	Customs duty	-2,960
F10	Excise levied on fuel oil, heating oil and kerosene	-555