

STATEMENT 5: REVENUE

This statement contains details of the estimates of Australian Government revenue.

The revenue estimates have been revised up since the *Mid-Year Economic and Fiscal Outlook 2006-07* (MYEFO), mainly because of stronger growth in employment and corporate profits. The Government will provide additional personal tax cuts of \$31.5 billion over four years.

Information about GST revenue is provided in Budget Paper No. 3, *Federal Financial Relations 2007-08*.

Overview	5-3
Variations in the revenue estimates since the 2006-07 Budget	5-3
Estimates of revenue	5-7
Total revenue	5-7
Revenue estimates by revenue head	5-9
Appendices	
Appendix A: Revenue and receipts forward estimates	5-19
Appendix B: Changes since MYEFO	5-21
Appendix C: Revenue and receipts history and forecasts	5-25
Appendix D: Description of the revenue heads.....	5-35
Appendix E: Taxation revenue recognition	5-45
Appendix F: Net tax thresholds	5-49
Appendix G: Australia's tax system.....	5-50
Appendix H: Tax expenditures	5-58

STATEMENT 5: REVENUE

OVERVIEW

Relative to the *Mid-Year Economic and Fiscal Outlook 2006-07* (MYEFO), total revenue for 2007-08 is expected to be higher, with stronger growth in taxation from individual and company income and superannuation funds. The underlying growth in taxation revenue has been partially offset by policy changes in this budget. Personal income tax cuts of \$31.5 billion over four years will commence on 1 July 2007. These tax cuts are in addition to those announced in the 2005-06 and 2006-07 Budgets.

Revenue estimates for 2006-07 and 2007-08, together with projections for the period from 2008-09, are provided in Table 1.

Table 1: Total Australian Government general government revenue^(a)

	Actual	Estimates		Projections		
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Total taxation revenue (\$b)	206.8	220.5	231.1	244.1	256.6	267.3
Real growth on						
previous year(%) ^(b)	1.5	1.8	2.3	4.4	4.0	1.9
Per cent of GDP	21.4	21.3	21.1	21.3	21.5	21.3
Non-taxation revenue (\$b)	15.1	15.1	15.7	16.7	18.0	20.1
Real growth on						
previous year(%) ^(b)	15.5	-4.5	1.6	5.0	6.7	9.2
Per cent of GDP	1.6	1.5	1.4	1.5	1.5	1.6
Total revenue (\$b)	221.9	235.5	246.8	260.7	274.6	287.3
Real growth on						
previous year(%) ^(b)	2.4	1.4	2.2	4.5	4.2	2.4
Per cent of GDP	23.0	22.8	22.5	22.8	23.1	22.9

(a) The revenue estimates in this statement exclude GST revenue, which is collected by the Australian Government and provided in full to the States and Territories. A discussion of GST revenue is provided in Budget Paper No. 3, *Federal Financial Relations 2007-08*.

(b) Real growth is calculated using the non-farm gross domestic product (GDP) deflator.

Total revenue as a percentage of GDP is expected to decrease in 2007-08 to 22.5 per cent of GDP, before returning to around its 2006-07 level by the end of the forward estimates.

VARIATIONS IN THE REVENUE ESTIMATES SINCE THE 2006-07 BUDGET

Table 2 is a reconciliation of this budget's revenue estimates with those at the 2006-07 Budget and the 2006-07 MYEFO.

Statement 5: Revenue

Table 2: Reconciliation of total Australian Government general government revenue estimates from the 2006-07 Budget and the 2006-07 MYEFO

	Estimates		Projections	
	2006-07 \$m	2007-08 \$m	2008-09 \$m	2009-10 \$m
Revenue at 2006-07 Budget	231,662	240,671	252,078	265,603
Changes between 2006-07 Budget and MYEFO				
Effect of policy decisions	-202	-1,609	-1,608	-1,753
Effect of parameter and other variations	424	3,664	5,131	4,532
Total variations	222	2,055	3,523	2,779
Revenue at 2006-07 MYEFO	231,885	242,726	255,601	268,383
Changes between MYEFO and 2007-08 Budget				
Effect of policy decisions	-16	-5,581	-8,221	-8,497
Effect of parameter and other variations	3,670	9,615	13,345	14,728
Total variations	3,654	4,034	5,124	6,231
Revenue at 2007-08 Budget	235,539	246,761	260,726	274,614

Total revenue for 2006-07

Since MYEFO, estimated total revenue for 2006-07 has been revised up by \$3.7 billion, largely reflecting stronger than anticipated growth in company profits and employment, and strong capital gains realised by superannuation funds.

Total revenue for 2007-08

Since MYEFO, total revenue for 2007-08 has been revised up by \$4.0 billion. The upward revision flows-on from higher estimates in 2006-07 for individuals and companies and also incorporates the stronger outlook in 2007-08 for employment and company profits.

The Government's decision to provide additional personal tax relief has partly offset the upward revisions in total revenue.

Effect of policy decisions

Policy decisions since the 2006-07 MYEFO are expected to reduce taxation revenue by around \$5.6 billion in 2007-08 and around \$31.1 billion over the forward years.

The Government's decision to provide additional personal income tax relief will reduce revenue by \$5.3 billion in 2007-08, and \$31.5 billion over the forward estimates period.

- From 1 July 2007, the 30 per cent threshold will increase to \$30,001. In addition, the low income tax offset will increase from \$600 to \$750 and will begin to phase-out from \$30,000.
- From 1 July 2008, the 40 per cent threshold will increase to \$80,001 and the 45 per cent threshold will increase to \$180,001. For 2008-09, the top marginal tax rate will apply to only around 2 per cent of taxpayers.

The budget also contains a number of other major policy decisions:

- Increasing the dependent spouse rebate from \$1,655 to \$2,100 with effect from 1 July 2007, at a cost to revenue of \$425 million over the forward estimates.
- Not proceeding with the Review of Business Taxation recommendation relating to the taxation of finance leasing which will reduce revenue over the forward estimates period by \$260 million.
- Relaxing the beneficial ownership provisions of the premium 175 per cent research and development (R&D) tax concession, to allow certain entities to claim deductions for their incremental R&D expenditure where the resulting intellectual property is held overseas. The measure is expected to have a cost to revenue of \$200 million over the forward estimates period.
- Removing the \$100 million cap on the Same Business Test and improving the company loss recoupment rules, at a cost to revenue of \$175 million over the forward estimates period.
- Increasing the Medicare levy low income thresholds from \$16,284 to \$16,740 for individuals and from \$27,478 to \$28,247 for families, with effect from 1 July 2006. This measure will have a cost to revenue of \$150 million over the forward estimates period.
- Aligning the eligibility criteria for taxpayers to pay Pay-As-You-Go (PAYG) tax instalments annually with the criteria for paying goods and services tax on an annual basis. This measure is expected to have a cost to revenue of \$140 million over the forward estimates period.
- Converting the Child Care Tax Rebate to a direct payment administered through the Department of Families, Community Services and Indigenous Affairs, which will increase revenue collections by \$1,430 million over the forward estimates period. This increase in revenue is more than offset by the increased expenditure under this measure.
- Providing the Australian Taxation Office with \$125.7 million over four years to help reduce the existing stock of taxation debt and outstanding superannuation guarantee charge payments owed by employers. The enhanced debt recovery is expected to result in additional revenue collection of \$140 million over four years.
- Allowing investors in forestry managed investment schemes to trade both existing and future interests is expected to result in additional revenue of \$140 million over four years.

Statement 5: Revenue

A detailed description of the policy decisions is provided in Budget Paper No. 2, *Budget Measures 2007-08*. A summary of revenue policy decisions since the 2006-07 MYEFO is provided in Table 3.

Table 3: Revenue policy decisions since the 2006-07 MYEFO

	2007-08	2008-09	2009-10	2010-11	Total
	\$m	\$m	\$m	\$m	\$m
Personal income tax cuts	-5,305.0	-8,350.0	-8,785.0	-9,050.0	-31,490.0
Personal income tax – increase the dependent spouse rebate	-20.0	-130.0	-135.0	-140.0	-425.0
Finance leasing – taxation treatment to remain unchanged	-20.0	-65.0	-75.0	-100.0	-260.0
Research and development tax concession – extension of the premium 175 per cent concession to subsidiaries of multinational enterprises	-50.0	-50.0	-50.0	-50.0	-200.0
Company loss recoupment rules – same business test and technical amendments	-15.0	-40.0	-50.0	-70.0	-175.0
Personal income tax – increasing the Medicare levy low-income thresholds	-60.0	-30.0	-30.0	-30.0	-150.0
PAYG instalments paid annually when voluntarily registered for GST	-	-100.0	-20.0	-20.0	-140.0
Debt collection enhancement – reducing taxation debt and outstanding superannuation guarantee charge payments	5.0	45.0	45.0	45.0	140.0
Forestry managed investment schemes statutory deduction for investments	-	60.0	60.0	20.0	140.0
Child Care Tax Rebate – conversion to a direct payment	-	425.0	475.0	530.0	1,430.0
Other policy decisions	-115.7	13.9	68.4	79.4	46.0
Total revenue policy decisions	-5,580.7	-8,221.1	-8,496.7	-8,785.6	-31,084.0

Effect of parameter and other variations

In addition to new policy decisions, revisions to expected revenue may be driven by recent economic data and tax collections, and the updated economic outlook.

Since MYEFO, parameter and other variations have increased estimated revenue by \$3.7 billion in 2006-07 and \$9.6 billion in 2007-08.

The increased strength in revenue in 2006-07 largely stems from stronger than expected economic outcomes in the labour market and for company profits. Revenue for 2006-07 is expected to be 6.1 per cent above the 2005-06 level. This compares to MYEFO expectations of 4.5 per cent. The increased strength in company profits, although moderating, is expected to continue through 2007-08, further raising revenue.

Looking ahead, economic conditions remain supportive of continued strength in underlying revenue, particularly through compensation of employees and the realisation of capital gains by investors.

Further detail on how the revised outlook for the economy has affected individual revenue heads over the forward estimates is provided later in this statement. An analysis of the sensitivity of the taxation revenue estimates to changes in the major economic parameters is provided in Statement 2.

ESTIMATES OF REVENUE

Total revenue

Total revenue for 2007-08 is expected to increase by \$11.2 billion, 4.8 per cent higher than estimated revenue for 2006-07. Of this, taxation revenue is expected to increase by 4.8 per cent (\$10.6 billion) and non-taxation revenue is expected to increase by 4.1 per cent (\$619 million).

The increase has resulted primarily from higher estimated revenue from companies (\$6.3 billion) and individuals (\$2.2 billion).

The revenue estimates for 2006-07 and 2007-08 are constructed using the outcomes for 2005-06, information on revenue collections in the year to date and the revised economic forecasts for 2006-07 and 2007-08. Revenue estimates for the projection years – 2008-09 to 2010-11 – are based mainly on underlying trends in economic parameters and take no account of cyclical influences on economic activity. As at the 2005-06 and 2006-07 Budgets, key commodity prices are assumed to return to their long-run average level over the first two projection years. For a discussion of this technical assumption see Budget Paper No. 1, *Budget Strategy and Outlook 2006-07*, page 3-31.

The revenue estimates for 2006-07 and 2007-08 are provided in Table 4. Descriptions of the revenue heads are provided in Appendix D.

Statement 5: Revenue

Table 4: Australian Government general government revenue

	Estimates		Change on 2006-07	
	2006-07 \$m	2007-08 \$m	\$m	%
<i>Income taxation</i>				
Individuals and other withholding taxes				
Gross income tax withholding	107,710	111,360	3,650	3.4
Gross other individuals	26,820	27,560	740	2.8
less: Refunds	17,140	19,360	2,220	13.0
Total individuals and other withholding taxation	117,390	119,560	2,170	1.8
Fringe benefits tax	3,850	4,110	260	6.8
Superannuation funds				
Contributions and earnings	7,190	8,210	1,020	14.2
Surcharge	270	90	-180	-66.7
Total superannuation taxation	7,460	8,300	840	11.3
Company tax	58,270	64,580	6,310	10.8
Petroleum resource rent tax	1,560	1,980	420	26.9
Income taxation revenue	188,530	198,530	10,000	5.3
<i>Excise and customs</i>				
Excise duty				
Petrol	7,130	7,070	-60	-0.8
Diesel	6,210	6,370	160	2.6
Other fuel products	810	980	170	21.0
Crude oil	530	310	-220	-41.5
Beer	1,810	1,880	70	3.9
Potable spirits	870	950	80	9.2
Tobacco	5,370	5,390	20	0.4
Total excise duty revenue	22,730	22,950	220	1.0
Customs duty				
Textiles, clothing and footwear	920	1,000	80	8.7
Passenger motor vehicles	1,250	1,340	90	7.2
Excise-like goods	2,160	2,270	110	5.1
Other imports	1,500	1,580	80	5.3
less: Refunds and drawbacks	230	230	0	0.0
Total customs duty revenue	5,600	5,960	360	6.4
Excise and customs revenue	28,330	28,910	580	2.0
<i>Other taxation</i>				
Wine equalisation tax	670	680	10	1.5
Luxury car tax	350	370	20	5.7
Agricultural levies	598	586	-11	-1.9
Other taxes	1,989	1,993	4	0.2
Other taxation revenue	3,606	3,629	23	0.6
Taxation revenue	220,466	231,069	10,603	4.8
<i>Non-taxation</i>				
Sales of goods and services	5,008	5,220	212	4.2
Dividends	2,774	2,966	192	6.9
Interest received	3,841	4,147	306	8.0
Other non-taxation revenue	3,449	3,357	-91	-2.6
Non-taxation revenue	15,072	15,691	619	4.1
Total revenue	235,539	246,761	11,222	4.8

Revenue estimates by revenue head

Income taxation revenue

Individuals and other withholding taxation

Estimated revenue from individuals for 2006-07, 2007-08 and the projection years is provided in Table 5. Estimated revenue from individuals in 2007-08 is expected to increase by \$2.2 billion (1.8 per cent), reflecting solid growth in most forms of income, including wages, personal investment income (see Box 5.1) and unincorporated business income. The Government's decision to provide additional personal tax relief has partially offset the upward revisions.

Table 5: Individuals and other withholding taxation revenue

	Actual	Estimates		Projections		
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	\$m	\$m	\$m	\$m	\$m	\$m
Individuals and other withholding taxes						
Gross income tax withholding	103,811	107,710	111,360	118,040	127,020	136,590
Gross other individuals	25,859	26,820	27,560	28,860	30,200	31,050
<i>less: Refunds</i>	15,239	17,140	19,360	21,190	22,530	23,980
Total	114,431	117,390	119,560	125,710	134,690	143,660
<i>Includes Medicare levy(a) revenue of:</i>	6,525	7,290	7,820	8,290	8,820	9,340

(c) Medicare levy for 2005-06 is an estimate.

Gross income tax withholding

Gross income tax withholding revenue is expected to increase by \$3.7 billion (3.4 per cent) in 2007-08, reflecting solid growth in average wages and moderating growth in employment, partially offset by additional personal income tax relief.

Gross other individuals

Gross revenue from other individuals is expected to increase by \$740 million (2.8 per cent) in 2007-08. This reflects strong growth in capital gains and moderate growth in unincorporated business income, partly offset by the impact of the additional personal income tax relief announced in the 2006-07 and 2007-08 Budgets.

Income tax refunds for individuals

Refunds for individuals are expected to increase by \$2.2 billion (13.0 per cent) in 2007-08. Refunds are generally related to movements in revenue from gross income tax withholding and gross other individuals in the previous year. Strength in labour market outcomes throughout 2006-07 will increase refunds in 2007-08 as part-year employees will tend to have more tax withheld than they are required to pay on assessment. In addition, the estimate for 2007-08 incorporates the effects of changes to the low income tax offset announced in the 2006-07 Budget.

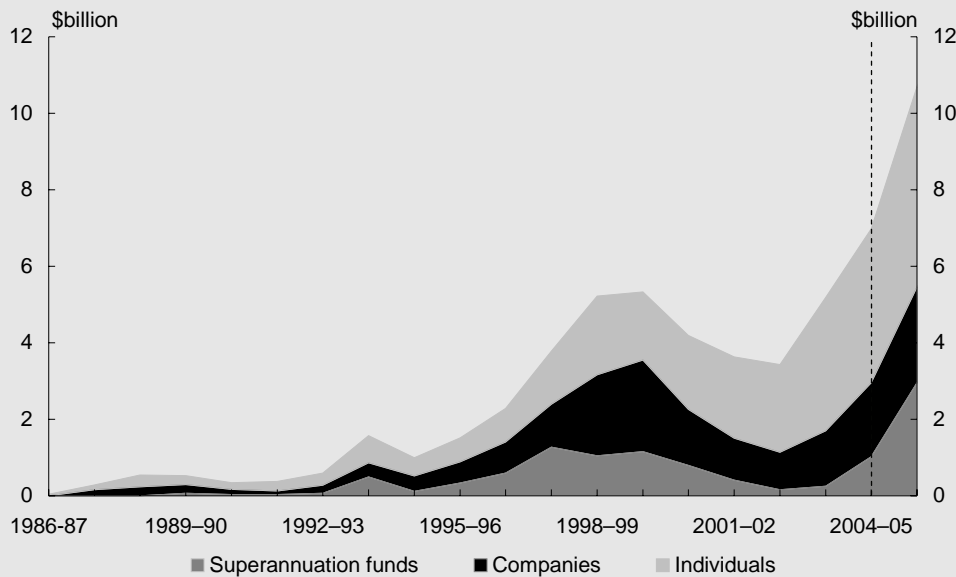
Box 5.1: Capital gains tax

Capital gains tax (CGT) is not a separate revenue head. It is a large, increasingly important and volatile component of gross other individuals, refunds, companies and superannuation funds heads of revenue.

Net CGT payable has grown from \$43 million in 1986-87 to \$7.0 billion (0.8 per cent of GDP) in 2004-05. Partial data from 2005-06 tax returns indicate that the recent strong growth has continued, with net CGT estimated to exceed \$10 billion.

Chart 1: Tax payable on net capital gains subject to tax by entity type^(a)

Income-year basis



(a) Tax payable on net capital gains is estimated (based on entity type and tax rates).
Source: ATO *Taxation Statistics*, Commissioner of Taxation annual reports and Treasury estimates.

Generally, capital gains from disposals of pre-CGT assets (assets acquired before 20 September 1985) are exempt from tax. Since its introduction, the tax base, generated by the transfer and consequent ungrandfathering of pre-CGT assets and the creation of new assets, has been expanding. This contributed to strong growth in CGT for the first half of the series and may still be having a small influence.

From 1985 to 1999, capital gains were taxed at the individual taxpayer's full marginal rate on gains above an indexed cost base. For individuals the maximum rate was 48.5 per cent in 1999. From 1999 the Government introduced a discount of 50 per cent on nominal gains for individuals where assets were held for longer than a year, meaning that the marginal tax rate effectively halved. This meant for individuals, the maximum rate fell to 24.25 per cent and to 23.25 per cent from 1 July 2006. For superannuation funds, the 1999 reforms resulted in the effective rate falling from 15 per cent to 10 per cent.

Box 5.1: Capital gains tax (continued)

In broad terms, capital gains arise from the difference between the sale price and cost of assets. Consequently, movements in capital gains have a natural sensitivity to movements in prices. The growth in CGT during the late 1990s was underpinned by strong growth in share prices. From 2000-01 to 2002-03 growth in share prices slowed while house prices increased markedly. In recent years, strong growth in share prices has again led to strong growth in CGT.

The rate at which assets are transferred is also an important determinant of CGT as the tax is levied on realised gains. This feature allows taxpayers some greater choice over when to incur CGT compared with many other taxes. An increase in the rate of asset turnover leads to an increase in the level of realised capital gains (increased turnover effectively brings forward the recognition of accrued gains).

Medicare levy

Revenue from the Medicare levy is expected to increase by \$530 million in 2007-08. Movements in revenue from the Medicare levy are generally consistent with growth in personal taxable income.

Fringe benefits tax

Estimated revenue from fringe benefits tax for 2006-07, 2007-08 and the projection years is provided in Table 6.

Table 6: Fringe benefits tax revenue

	Actual	Estimates		Projections		
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	\$m	\$m	\$m	\$m	\$m	\$m
Fringe benefits tax	4,084	3,850	4,110	4,280	4,510	4,730

Revenue from fringe benefits tax is expected to increase by \$260 million (6.8 per cent) in 2007-08, reflecting solid labour market expectations.

Superannuation funds

Estimated revenue from superannuation funds for 2006-07, 2007-08 and the projection years is provided in Table 7.

Table 7: Superannuation funds revenue

	Actual	Estimates		Projections		
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	\$m	\$m	\$m	\$m	\$m	\$m
Superannuation funds						
Contributions and earnings	5,416	7,190	8,210	9,720	10,320	10,820
Surcharge	1,289	270	90	10	10	20
Total	6,705	7,460	8,300	9,730	10,330	10,840

Statement 5: Revenue

Superannuation funds taxation

Taxation revenue from superannuation funds is expected to increase by \$1.0 billion (14.2 per cent) in 2007-08, underpinned by solid labour market expectations and earnings growth. Superannuation funds earnings growth is expected to be stronger than previously estimated, largely because of higher than anticipated capital gains following continued strength in the share market.

Superannuation surcharge

Revenue from the superannuation surcharge is expected to decrease by \$180 million in 2007-08. While the abolition of the surcharge extinguishes future liabilities from accruing, allowance has been made in relation to the identification of liabilities which accrued prior to 1 July 2005.

Company and other related income taxation

Estimated revenue from companies for 2006-07, 2007-08 and the projection years is provided in Table 8.

Table 8: Company and other related income taxation revenue

	Actual	Estimates		Projections		
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	\$m	\$m	\$m	\$m	\$m	\$m
Company tax	48,987	58,270	64,580	68,580	70,510	71,830
Petroleum resource rent tax	1,991	1,560	1,980	2,450	3,060	2,210
Total	50,978	59,830	66,560	71,030	73,570	74,040

Company income taxation

Company income taxation revenue is expected to increase by \$6.3 billion (10.8 per cent) in 2007-08. The increase largely reflects ongoing strength in company profits, in particular in the mining and finance sectors.

Company income taxation revenue over the projection years, 2008-09 to 2010-11, incorporates a technical assumption that the prices of key non-rural commodities will return to long-run average levels over the first two years of the projection period. This is broadly consistent with aggregate non-rural commodity prices retracing around 60 per cent of their recent gains by the end of the projection period.

Box 5.2: Measuring the effective company tax rate

Comparisons of company tax over time may be made by constructing an effective tax rate (ETR), defined as the ratio of tax collections to a relevant amount of income. Commonly used measures of the ETR are conceptually flawed and misleading. Better measures show that the company ETR has been declining since the mid-1990s.

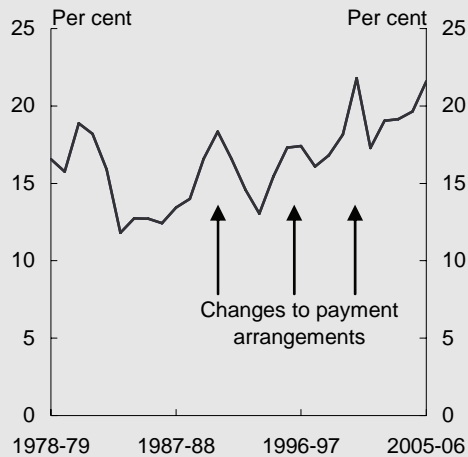
A commonly used measure of the company ETR is the ratio of company tax receipts to corporate gross operating surplus (GOS), the measure of company profits in the *Australian System of National Accounts*. According to this simple measure the company ETR has been increasing since the mid-1980s, despite a series of reductions to the statutory tax rate from 49 per cent to 30 per cent – Chart 2.

The company ETR spiked in several years, most notably in 1989-90 and 2000-01, which correspond to changes in company tax payment arrangements. In the 1980s company tax was generally paid in the year after the income was earned, whereas now company tax is mostly paid in the same year the income is earned. This change, which occurred in several steps, has sometimes resulted in companies making tax payments for two different years in the one transitional year, producing the spikes in the ETR.

The volatility caused by changes to payment arrangements can be removed if company tax is allocated to the year in which the relevant income was earned – Chart 3.

Chart 2: Company tax ETR

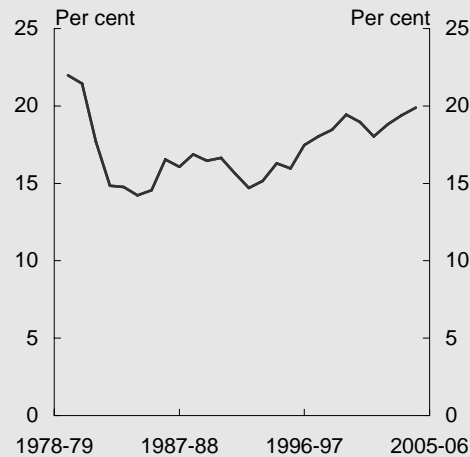
Cash basis



Source: ABS cat. no. 5206.

Chart 3: Company tax ETR

Income-year basis



Source: ABS cat. no. 5206, ATO *Taxation Statistics* and Treasury estimates.

Box 5.2: Measuring the effective company tax rate (continued)

Although the income-year basis for allocating tax provides a better measure of the company ETR, there are major differences between GOS and company profits that make GOS an inappropriate measure of income for constructing an ETR. GOS is income of all incorporated business enterprises related to the production of goods and services. It is the appropriate measure of the corporate contribution to Australia's Gross Domestic Product (GDP). But GOS includes some items that are irrelevant for tax purposes and does not include several large income and expense items that contribute to corporate profits and are relevant for tax purposes. GOS can be converted to a more appropriate income base for comparing with tax by making four adjustments.

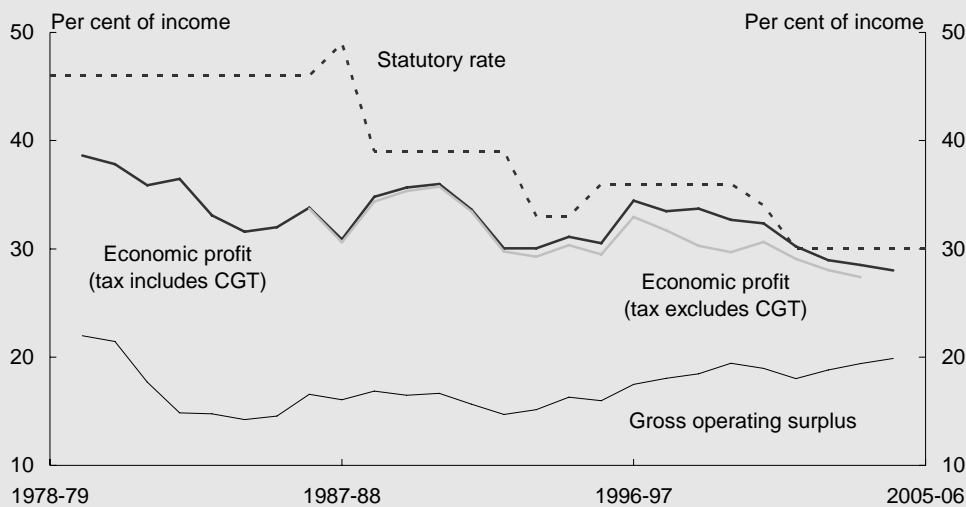
- GOS includes income from government trading enterprises that are not subject to company income tax. Many of these enterprises, such as Telstra and some state utilities, are now subject to income tax. The percentage of GOS not subject to income tax has fallen from around 20 per cent in the mid-1980s to around 5 per cent in 2005-06. Leaving this income in the calculation of the ETR tends to depress the ETR in the 1980s compared to recent years. To construct a better measure of the ETR, this income should be removed from GOS.
- GOS is measured gross of depreciation expenses, whereas company profits are net of these. Depreciation should be subtracted from GOS before constructing an ETR. This calculation will lower income and thus generally raise the ETR.
- As part of the international *System of National Accounts* (1993), the Australian Bureau of Statistics splits income from financial intermediation – which is the majority of income earned by banks as interest payments on borrowing and lending – into two components. One component is assigned as income from the provision of financial services and the remainder is assigned as 'pure' interest flows. Only the first component is included in the calculation of GOS (and GDP). Corporate profit includes both components. The income from 'pure' interest flows should be added to GOS before constructing an ETR. This calculation will decrease the ETR, but by varying amounts as interest rates and levels of debt change over time.
- Income resulting from the increase in value of held inventories is not included in GOS. This income was much higher in the 1980s compared to recent years, because of higher inflation and a greater propensity to hold stocks. Adding this income to GOS will tend to lower slightly the ETR, more in the 1980s than in recent years.

These four adjustments to GOS result in a new measure of corporate income (here called 'economic profit'). This is a more appropriate income base for the construction of a company ETR.

Box 5.2: Measuring the effective company tax rate (continued)

Since the 1980s, the ETR based on economic profit has tended to move with changes to the statutory rate – Chart 4. The ETR has tended to converge to the statutory rate in recent years, as tax policy has broadened the tax base while lowering the statutory rate. The net effect has been a trend decline in the ETR since the mid-1990s.

Chart 4: Measures of the effective company tax rate
(Income-year basis)



In addition, GOS does not include income from capital gains. Conceptually, a measure of the ETR should include capital gains in the income. It is not possible to construct a time-series for corporate capital gains because income from the sale of assets purchased before 1986 is not subject to capital gains tax (CGT) and was not reported. Capital gains have not been added to income and so the company ETR is overstated since 1986-87, most significantly in recent years.

Although it is not possible to include capital gains income into the measure of the ETR, the effect of capital gains on the ETR can be approximately gauged by removing CGT from the ETR. This is shown in Chart 4.

The methodology used to construct this company ETR has also been used to refine further company tax forecasting methodology. After allowing for rate and base changes, company tax has been growing in line with economic profit.

Statement 5: Revenue

Petroleum resource rent tax

Estimated revenue from the petroleum resource rent tax is expected to increase by \$420 million (26.9 per cent) in 2007-08, reflecting higher expected profitability of offshore petroleum projects from higher oil prices (measured in Australian dollars).

Excise and customs revenue

Estimates for 2006-07, 2007-08 and the projection years are provided in Table 9 for excise and customs revenue.

Table 9: Excise and customs revenue

	Actual	Estimates		Projections		
	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m	2009-10 \$m	2010-11 \$m
Excise duty						
Petroleum and other fuel products						
Petrol	7,254	7,130	7,070	6,990	7,040	7,140
Diesel	6,242	6,210	6,370	6,580	6,800	7,030
Other fuel products	215	810	980	1,130	1,270	1,450
Total	13,711	14,150	14,420	14,700	15,110	15,620
Crude oil	362	530	310	160	150	210
Other excise						
Beer	1,747	1,810	1,880	1,910	1,960	2,000
Potable spirits	811	870	950	1,050	1,150	1,240
Tobacco	5,296	5,370	5,390	5,410	5,420	5,430
Total	7,854	8,050	8,220	8,370	8,530	8,670
Total excise duty	21,927	22,730	22,950	23,230	23,790	24,500
Customs duty						
Textiles, clothing and footwear	832	920	1,000	1,060	830	590
Passenger motor vehicles	1,129	1,250	1,340	1,400	1,100	730
Excise-like goods	1,767	2,160	2,270	2,390	2,530	2,670
Other imports	1,620	1,500	1,580	1,680	1,790	1,910
less: Refunds and drawbacks	360	230	230	240	240	240
Total customs duty	4,988	5,600	5,960	6,290	6,010	5,660
Total	26,914	28,330	28,910	29,520	29,800	30,160

Excise duty

In 2007-08, revenue from excise duty on refined petroleum products is expected to increase by \$270 million (1.9 per cent), with excise on other fuel products expected to account for \$170 million of that increase (a growth rate of 21.0 per cent for those products). This reflects moderate growth in overall demand for fuels as well as continuing substitution from petroleum and diesel to other blended fuel products (such as petrol/ethanol and diesel/biodiesel blends).

Revenue from crude oil excise duty is expected to decrease by \$220 million (-41.5 per cent) in 2007-08, largely reflecting lower expected production in the relevant fields.

Other excise revenue is expected to increase by \$170 million (2.1 per cent) in 2007-08. Beer excise revenue is estimated to increase by \$70 million (3.9 per cent) reflecting growth in the market for premium beers, which are generally full strength. Excise revenue from other excisable beverages is expected to increase by \$80 million (9.2 per cent) with consumption of ready to drink products continuing to grow strongly. Estimated revenue from both tobacco and other spirits excise is expected to remain largely unchanged from 2006-07 levels.

Customs duty

Customs duty revenue is expected to increase by \$360 million in 2007-08, underpinned by growth in imports.

Other taxation revenue

Revenue estimates for 2006-07, 2007-08 and the projection years are provided in Table 10 for the wine equalisation tax, the luxury car tax, agricultural levies and other taxes.

Table 10: Other taxation revenue

	Actual	Estimates		Projections		
	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m	2009-10 \$m	2010-11 \$m
Wine equalisation tax	657	670	680	700	720	740
Luxury car tax	331	350	370	390	400	410
Agricultural levies	610	598	586	597	399	366
Other taxes	2,122	1,989	1,993	2,109	2,217	2,315
Total	3,720	3,606	3,629	3,796	3,736	3,832

Total other taxation revenue is estimated to increase by \$23 million in 2007-08.

Revenue from the wine equalisation tax and the luxury car tax is expected to increase by \$10 million and \$20 million respectively in 2007-08.

Revenue from agricultural levies and other taxes in 2007-08 is expected to be largely unchanged from 2006-07 levels.

Non-taxation revenue

Revenue estimates for 2006-07, 2007-08 and the forward years are provided in Table 11 for the various categories of non-taxation revenue. Item descriptions are in Appendix D.

Statement 5: Revenue

Table 11: Non-taxation revenue

	Actual	Estimates		Projections		
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	\$m	\$m	\$m	\$m	\$m	\$m
Sales of goods and services	4,604	5,008	5,220	5,362	5,541	5,950
Dividends	4,387	2,774	2,966	3,832	3,944	4,035
Interest received	2,437	3,841	4,147	3,979	4,879	4,562
Other non-taxation revenue(a)	3,658	3,449	3,357	3,487	3,615	5,504
Total	15,086	15,072	15,691	16,660	17,978	20,050

(a) Includes all other non-taxation revenue collected by the Australian Government agencies.

Non-taxation revenue is expected to increase by \$619 million (4.1 per cent) in 2007-08 largely reflecting an increase in sales of goods and services primarily by the Department of Defence to other governments.

Interest and dividends revenue received are also forecast to increase due largely to the earnings of the Future Fund.

APPENDIX A: REVENUE AND RECEIPTS FORWARD ESTIMATES

Table A1: Australian Government general government revenue (accrual basis)

	Actual	Estimates		Projections		
	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m	2009-10 \$m	2010-11 \$m
<i>Income taxation</i>						
Individuals and other withholding taxes						
Gross income tax withholding	103,811	107,710	111,360	118,040	127,020	136,590
Gross other individuals	25,859	26,820	27,560	28,860	30,200	31,050
less: Refunds	15,239	17,140	19,360	21,190	22,530	23,980
Total individuals and other withholding taxation	114,431	117,390	119,560	125,710	134,690	143,660
Fringe benefits tax	4,084	3,850	4,110	4,280	4,510	4,730
Superannuation funds						
Contributions and earnings	5,416	7,190	8,210	9,720	10,320	10,820
Surcharge	1,289	270	90	10	10	20
Total superannuation taxation	6,705	7,460	8,300	9,730	10,330	10,840
Company tax	48,987	58,270	64,580	68,580	70,510	71,830
Petroleum resource rent tax	1,991	1,560	1,980	2,450	3,060	2,210
Income taxation revenue	176,198	188,530	198,530	210,750	223,100	233,270
<i>Excise and customs</i>						
Excise duty						
Petrol	7,254	7,130	7,070	6,990	7,040	7,140
Diesel	6,242	6,210	6,370	6,580	6,800	7,030
Other fuel products	215	810	980	1,130	1,270	1,450
Crude oil	362	530	310	160	150	210
Beer	1,747	1,810	1,880	1,910	1,960	2,000
Potable spirits	811	870	950	1,050	1,150	1,240
Tobacco	5,296	5,370	5,390	5,410	5,420	5,430
Total excise duty revenue	21,927	22,730	22,950	23,230	23,790	24,500
Customs duty						
Textiles, clothing and footwear	832	920	1,000	1,060	830	590
Passenger motor vehicles	1,129	1,250	1,340	1,400	1,100	730
Excise-like goods	1,767	2,160	2,270	2,390	2,530	2,670
Other imports	1,620	1,500	1,580	1,680	1,790	1,910
less: Refunds and drawbacks	360	230	230	240	240	240
Total customs duty revenue	4,988	5,600	5,960	6,290	6,010	5,660
Excise and customs revenue	26,914	28,330	28,910	29,520	29,800	30,160
<i>Other taxation</i>						
Wine equalisation tax	657	670	680	700	720	740
Luxury car tax	331	350	370	390	400	410
Agricultural levies	610	598	586	597	399	366
Other taxes	2,122	1,989	1,993	2,109	2,217	2,315
Other taxation revenue	3,720	3,606	3,629	3,796	3,736	3,832
Taxation revenue	206,832	220,466	231,069	244,066	256,636	267,262
<i>Non-taxation</i>						
Sales of goods and services	4,604	5,008	5,220	5,362	5,541	5,950
Dividends	4,387	2,774	2,966	3,832	3,944	4,035
Interest received	2,437	3,841	4,147	3,979	4,879	4,562
Other non-taxation revenue	3,658	3,449	3,357	3,487	3,615	5,504
Non-taxation revenue	15,086	15,072	15,691	16,660	17,978	20,050
Total revenue	221,918	235,539	246,761	260,726	274,614	287,312

Statement 5: Revenue

Table A2: Australian Government general government receipts (cash basis)

	Actual	Estimates		Projections		
	2005-06 \$m	2006-07 \$m	2007-08 \$m	2008-09 \$m	2009-10 \$m	2010-11 \$m
<i>Income taxation</i>						
Individuals and other withholding taxes						
Gross income tax withholding	103,120	107,000	110,690	117,320	126,240	135,730
Gross other individuals	24,895	25,740	26,620	27,830	29,110	29,910
less: Refunds	15,244	17,140	19,360	21,190	22,530	23,980
Total individuals and other withholding taxation	112,770	115,600	117,950	123,960	132,820	141,660
Fringe benefits tax	4,049	3,880	4,050	4,210	4,440	4,660
Superannuation funds						
Contributions and earnings	5,416	7,150	8,160	9,660	10,260	10,750
Surcharge	951	680	120	40	40	40
Total superannuation taxation	6,368	7,830	8,280	9,700	10,300	10,790
Company tax	48,960	56,076	62,964	66,869	68,760	70,168
Petroleum resource rent tax	1,917	1,520	1,890	2,340	2,990	2,390
Income taxation receipts	174,063	184,906	195,134	207,079	219,310	229,668
<i>Excise and customs</i>						
Excise duty						
Petrol	7,224	7,120	7,060	6,980	7,030	7,130
Diesel	6,217	6,210	6,370	6,580	6,800	7,030
Other fuel products	214	810	980	1,130	1,270	1,450
Crude oil	337	530	310	160	150	210
Beer	1,740	1,810	1,880	1,910	1,960	2,000
Potable spirits	808	870	950	1,050	1,150	1,240
Tobacco	5,274	5,370	5,390	5,410	5,420	5,430
Total excise duty receipts	21,814	22,720	22,940	23,220	23,780	24,490
Customs duty						
Textiles, clothing and footwear	832	920	1,000	1,060	830	590
Passenger motor vehicles	665	810	940	1,000	770	500
Excise-like goods	1,767	2,160	2,270	2,390	2,530	2,670
Other imports	1,584	1,490	1,570	1,670	1,780	1,900
less: Refunds and drawbacks	360	370	370	380	380	380
Total customs duty receipts	4,488	5,010	5,410	5,740	5,530	5,280
Excise and customs receipts	26,302	27,730	28,350	28,960	29,310	29,770
<i>Other taxation</i>						
Wine equalisation tax	656	660	670	690	710	730
Luxury car tax	322	340	360	380	390	400
Agricultural levies	610	598	586	597	399	366
Other taxes	1,964	2,165	1,757	1,857	1,954	1,910
Other taxation receipts	3,553	3,763	3,373	3,524	3,453	3,407
Taxation receipts	203,918	216,400	226,857	239,562	252,073	262,845
<i>Non-taxation</i>						
Sales of goods and services	5,566	5,221	5,437	5,596	5,749	6,160
Dividends	4,360	3,120	2,926	3,837	3,949	4,085
Interest received	2,325	3,736	3,992	3,743	4,636	5,391
Other non-taxation receipts	5,665	6,144	6,399	6,481	6,529	7,358
Non-taxation receipts	17,916	18,220	18,754	19,656	20,864	22,994
Total receipts	221,834	234,619	245,611	259,218	272,937	285,839

APPENDIX B: CHANGES SINCE MYEFO**Table B1: Reconciliation of 2006-07 general government revenue (accrual basis)**

	Estimates		Change on MYEFO	
	MYEFO \$m	Budget \$m	\$m	%
<i>Income taxation</i>				
Individuals and other withholding taxes				
Gross income tax withholding	105,580	107,710	2,130	2.0
Gross other individuals	27,350	26,820	-530	-1.9
less: Refunds	16,790	17,140	350	2.1
Total individuals and other withholding taxation	116,140	117,390	1,250	1.1
Fringe benefits tax	3,730	3,850	120	3.2
Superannuation funds				
Contributions and earnings	6,450	7,190	740	11.5
Surcharge	520	270	-250	-48.1
Total superannuation taxation	6,970	7,460	490	7.0
Company tax	56,750	58,270	1,520	2.7
Petroleum resource rent tax	1,750	1,560	-190	-10.9
Income taxation revenue	185,340	188,530	3,190	1.7
<i>Excise and customs</i>				
Excise duty				
Petrol	7,110	7,130	20	0.3
Diesel	6,280	6,210	-70	-1.1
Other fuel products	610	810	200	32.8
Crude oil	580	530	-50	-8.6
Beer	1,780	1,810	30	1.7
Potable spirits	870	870	0	0.0
Tobacco	5,370	5,370	0	0.0
Total excise duty revenue	22,600	22,730	130	0.6
Customs duty				
Textiles, clothing and footwear	860	920	60	7.0
Passenger motor vehicles	1,140	1,250	110	9.6
Excise-like goods	2,170	2,160	-10	-0.5
Other imports	1,570	1,500	-70	-4.5
less: Refunds and drawbacks	230	230	0	0.0
Total customs duty revenue	5,510	5,600	90	1.6
Excise and customs revenue	28,110	28,330	220	0.8
<i>Other taxation</i>				
Wine equalisation tax	670	670	0	0.0
Luxury car tax	330	350	20	6.1
Agricultural levies	585	598	13	2.2
Other taxes	2,021	1,989	-32	-1.6
Other taxation revenue	3,606	3,606	0	0.0
Taxation revenue	217,056	220,466	3,410	1.6
<i>Non-taxation</i>				
Sales of goods and services	4,984	5,008	24	0.5
Dividends	2,860	2,774	-86	-3.0
Interest received	3,581	3,841	260	7.3
Other non-taxation revenue	3,404	3,449	45	1.3
Non-taxation revenue	14,828	15,072	244	1.6
Total revenue	231,885	235,539	3,654	1.6

Statement 5: Revenue

Table B2: Reconciliation of 2007-08 general government revenue (accrual basis)

	Estimates		Change on MYEFO	
	MYEFO \$m	Budget \$m	\$m	%
<i>Income taxation</i>				
Individuals and other withholding taxes				
Gross income tax withholding	112,110	111,360	-750	-0.7
Gross other individuals	28,100	27,560	-540	-1.9
less: Refunds	18,820	19,360	540	2.9
Total individuals and other withholding taxation	121,390	119,560	-1,830	-1.5
Fringe benefits tax	4,000	4,110	110	2.8
Superannuation funds				
Contributions and earnings	7,270	8,210	940	12.9
Surcharge	100	90	-10	-10.0
Total superannuation taxation	7,370	8,300	930	12.6
Company tax	60,490	64,580	4,090	6.8
Petroleum resource rent tax	2,080	1,980	-100	-4.8
Income taxation revenue	195,330	198,530	3,200	1.6
<i>Excise and customs</i>				
Excise duty				
Petrol	7,090	7,070	-20	-0.3
Diesel	6,500	6,370	-130	-2.0
Other fuel products	650	980	330	50.8
Crude oil	320	310	-10	-3.1
Beer	1,800	1,880	80	4.4
Potable spirits	950	950	0	0.0
Tobacco	5,440	5,390	-50	-0.9
Total excise duty revenue	22,750	22,950	200	0.9
Customs duty				
Textiles, clothing and footwear	910	1,000	90	9.9
Passenger motor vehicles	1,220	1,340	120	9.8
Excise-like goods	2,240	2,270	30	1.3
Other imports	1,690	1,580	-110	-6.5
less: Refunds and drawbacks	230	230	0	0.0
Total customs duty revenue	5,830	5,960	130	2.2
Excise and customs revenue	28,580	28,910	330	1.2
<i>Other taxation</i>				
Wine equalisation tax	680	680	0	0.0
Luxury car tax	340	370	30	8.8
Agricultural levies	586	586	0	0.1
Other taxes	2,039	1,993	-46	-2.3
Other taxation revenue	3,645	3,629	-16	-0.4
Taxation revenue	227,555	231,069	3,514	1.5
<i>Non-taxation</i>				
Sales of goods and services	5,003	5,220	217	4.3
Dividends	2,812	2,966	154	5.5
Interest received	3,896	4,147	251	6.5
Other non-taxation revenue	3,461	3,357	-104	-3.0
Non-taxation revenue	15,171	15,691	520	3.4
Total revenue	242,726	246,761	4,035	1.7

Table B3: Reconciliation of 2006-07 general government receipts (cash basis)

	Estimates		Change on MYEFO	
	MYEFO \$m	Budget \$m	\$m	%
<i>Income taxation</i>				
Individuals and other withholding taxes				
Gross income tax withholding	104,830	107,000	2,170	2.1
Gross other individuals	26,260	25,740	-520	-2.0
less: Refunds	16,790	17,140	350	2.1
Total individuals and other withholding taxation	114,300	115,600	1,300	1.1
Fringe benefits tax	3,800	3,880	80	2.1
Superannuation funds				
Contributions and earnings	6,400	7,150	750	11.7
Surcharge	710	680	-30	-4.2
Total superannuation taxation	7,110	7,830	720	10.1
Company tax	55,770	56,076	306	0.5
Petroleum resource rent tax	1,560	1,520	-40	-2.6
Income taxation receipts	182,540	184,906	2,366	1.3
<i>Excise and customs</i>				
Excise duty				
Petrol	7,100	7,120	20	0.3
Diesel	6,280	6,210	-70	-1.1
Other fuel products	610	810	200	32.8
Crude oil	580	530	-50	-8.6
Beer	1,780	1,810	30	1.7
Potable spirits	870	870	0	0.0
Tobacco	5,370	5,370	0	0.0
Total excise duty receipts	22,590	22,720	130	0.6
Customs duty				
Textiles, clothing and footwear	860	920	60	7.0
Passenger motor vehicles	680	810	130	19.1
Excise-like goods	2,170	2,160	-10	-0.5
Other imports	1,550	1,490	-60	-3.9
less: Refunds and drawbacks	370	370	0	0.0
Total customs duty receipts	4,890	5,010	120	2.5
Excise and customs receipts	27,480	27,730	250	0.9
<i>Other taxation</i>				
Wine equalisation tax	660	660	0	0.0
Luxury car tax	320	340	20	6.3
Agricultural levies	585	598	12	2.1
Other taxes	1,775	2,165	390	22.0
Other taxation receipts	3,340	3,763	423	12.7
Taxation receipts	213,360	216,400	3,039	1.4
<i>Non-taxation</i>				
Sales of goods and services	5,280	5,221	-60	-1.1
Dividends	3,170	3,120	-50	-1.6
Interest received	3,477	3,736	259	7.4
Other non-taxation receipts	6,295	6,144	-151	-2.4
Non-taxation receipts	18,222	18,220	-2	0.0
Total receipts	231,582	234,619	3,037	1.3

Statement 5: Revenue

Table B4: Reconciliation of 2007-08 general government receipts (cash basis)

	Estimates		Change on MYEFO	
	MYEFO \$m	Budget \$m	\$m	%
<i>Income taxation</i>				
Individuals and other withholding taxes				
Gross income tax withholding	111,320	110,690	-630	-0.6
Gross other individuals	26,990	26,620	-370	-1.4
less: Refunds	18,820	19,360	540	2.9
Total individuals and other withholding taxation	119,490	117,950	-1,540	-1.3
Fringe benefits tax	3,930	4,050	120	3.1
Superannuation funds				
Contributions and earnings	7,210	8,160	950	13.2
Surcharge	130	120	-10	-7.7
Total superannuation taxation	7,340	8,280	940	12.8
Company tax	59,500	62,964	3,464	5.8
Petroleum resource rent tax	1,970	1,890	-80	-4.1
Income taxation receipts	192,230	195,134	2,904	1.5
<i>Excise and customs</i>				
Excise duty				
Petrol	7,080	7,060	-20	-0.3
Diesel	6,500	6,370	-130	-2.0
Other fuel products	650	980	330	50.8
Crude oil	320	310	-10	-3.1
Beer	1,800	1,880	80	4.4
Potable spirits	950	950	0	0.0
Tobacco	5,440	5,390	-50	-0.9
Total excise duty receipts	22,740	22,940	200	0.9
Customs duty				
Textiles, clothing and footwear	910	1,000	90	9.9
Passenger motor vehicles	760	940	180	23.7
Excise-like goods	2,240	2,270	30	1.3
Other imports	1,666	1,570	-96	-5.7
less: Refunds and drawbacks	370	370	0	0.0
Total customs duty receipts	5,206	5,410	204	3.9
Excise and customs receipts	27,946	28,350	404	1.4
<i>Other taxation</i>				
Wine equalisation tax	670	670	0	0.0
Luxury car tax	330	360	30	9.1
Agricultural levies	586	586	0	0.0
Other taxes	1,766	1,757	-9	-0.5
Other taxation receipts	3,352	3,373	21	0.6
Taxation receipts	223,528	226,857	3,329	1.5
<i>Non-taxation</i>				
Sales of goods and services	5,238	5,437	199	3.8
Dividends	2,782	2,926	145	5.2
Interest received	3,664	3,992	328	9.0
Other non-taxation receipts	6,495	6,399	-96	-1.5
Non-taxation receipts	18,178	18,754	576	3.2
Total receipts	241,707	245,611	3,905	1.6

APPENDIX C: REVENUE AND RECEIPTS HISTORY AND FORECASTS

Table C1: Australian Government revenue (accrual basis)^(a)

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07(est)	2007-08(est)
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<i>Income taxation</i>									
Individuals and other withholding taxes									
Gross income tax withholding	81,266	75,614	79,822	84,640	90,095	98,250	103,811	107,710	111,360
Gross other individuals	14,232	13,426	17,237	18,314	21,010	24,003	25,859	26,820	27,560
less: Refunds	10,909	10,989	10,637	11,651	12,325	13,734	15,239	17,140	19,360
Total individuals and other withholding	84,588	78,051	86,422	91,303	98,779	108,519	114,431	117,390	119,560
Fringe benefits tax	3,708	3,741	4,032	3,154	3,642	3,476	4,084	3,850	4,110
Superannuation funds									
Contributions and earnings	3,245	4,652	3,341	3,617	4,487	5,083	5,416	7,190	8,210
Surcharge	667	634	830	1,279	1,298	1,326	1,289	270	90
Total superannuation funds	3,912	5,286	4,171	4,896	5,785	6,410	6,705	7,460	8,300
Company tax	24,815	35,136	27,133	33,365	36,337	43,106	48,987	58,270	64,580
Petroleum resource rent tax	1,205	2,388	1,306	1,715	1,165	1,465	1,991	1,560	1,980
Income taxation revenue	118,228	124,602	123,064	134,432	145,709	162,974	176,198	188,530	198,550
<i>Excise and customs</i>									
Excise duty									
Petroleum and other fuel products	11,199	11,921	12,400	12,920	13,220	13,682	13,711	14,150	14,420
Crude oil	219	526	393	417	309	668	362	530	310
Other excise	2,674	6,572	6,837	7,450	7,539	7,631	7,854	8,050	8,220
Total excise duty	14,091	19,019	19,630	20,787	21,068	21,981	21,927	22,730	22,950
Customs duty	3,799	4,606	5,214	5,573	5,622	5,548	4,988	5,600	5,960
Excise and customs revenue	17,890	23,625	24,844	26,359	26,690	27,529	26,914	28,330	28,910
<i>Other indirect taxation</i>									
Wine equalisation tax	0	528	648	673	705	693	657	670	680
Luxury car tax	0	172	220	261	336	302	331	350	370
Agricultural levies	551	451	550	586	603	584	610	598	586
Other taxes(b)	16,805	2,702	1,548	1,645	1,797	2,068	2,122	1,989	1,993
Other indirect taxation revenue	17,356	3,853	2,965	3,165	3,440	3,647	3,720	3,606	3,629
Taxation revenue	153,473	152,080	150,873	163,957	175,838	194,150	206,832	220,466	231,069

Statement 5: Revenue

Table C1: Australian Government revenue (accrual basis)^(a) (continued)

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07(est)	2007-08(est)
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<i>Non-taxation</i>									
Interest received	967	1,105	1,188	1,185	1,304	1,621	2,437	3,841	4,147
Dividends and other	12,718	8,889	10,895	10,371	10,781	10,834	12,649	11,231	11,544
Non-taxation revenue	13,685	9,994	12,083	11,556	12,085	12,455	15,086	15,072	15,691
Total revenue	167,158	162,074	162,956	175,513	187,924	206,605	221,918	235,539	246,761

(a) Figures are on an Australian Government general government GFS basis.

(b) 'Other taxes' includes wholesale sales tax prior to 2000-01, when it was abolished as part of the changes under *The New Tax System*.

Table C2: Major categories of revenue as a proportion of gross domestic product (accrual basis)^(a)

	Taxation revenue											Non-taxation revenue						
	Income tax					Other taxation revenue						InterestDividends and other revenue	Total non-tax revenue	Total revenue				
	Gross ITW	Refunds other individuals	Total individuals & w/holding	FBT Super funds	Companies PRRT	Total income tax	Petrol & other products	Other fuel excise	Customs duty tax(b)	Other revenue	Total tax revenue							
1999-00	12.6	2.2	1.7	13.1	0.6	0.6	3.8	0.2	18.3	1.8	0.4	0.6	2.7	23.8	0.1	2.0	2.1	25.9
2000-01	11.0	1.9	1.6	11.3	0.5	0.8	5.1	0.3	18.1	1.8	1.0	0.7	0.6	22.1	0.2	1.3	1.4	23.5
2001-02	10.8	2.3	1.4	11.7	0.5	0.6	3.7	0.2	16.7	1.7	0.9	0.7	0.4	20.5	0.2	1.5	1.6	22.1
2002-03	10.8	2.3	1.5	11.7	0.4	0.6	4.3	0.2	17.2	1.7	1.0	0.7	0.4	21.0	0.2	1.3	1.5	22.5
2003-04	10.7	2.5	1.5	11.8	0.4	0.7	4.3	0.1	17.3	1.6	0.9	0.7	0.4	20.9	0.2	1.3	1.4	22.4
2004-05	11.0	2.7	1.5	12.1	0.4	0.7	4.8	0.2	18.2	1.6	0.9	0.6	0.4	21.7	0.2	1.2	1.4	23.0
2005-06	10.7	2.7	1.6	11.8	0.4	0.7	5.1	0.2	18.2	1.5	0.8	0.5	0.4	21.4	0.3	1.3	1.6	23.0
2006-07 est	10.4	2.6	1.7	11.4	0.4	0.7	5.6	0.2	18.3	1.4	0.8	0.5	0.3	21.3	0.4	1.1	1.5	22.8
2007-08 est	10.1	2.5	1.8	10.9	0.4	0.8	5.9	0.2	18.1	1.3	0.7	0.5	0.3	21.1	0.4	1.1	1.4	22.5

(a) Figures are on an Australian Government general government GFS basis.

(b) 'Other tax' includes wholesale sales tax prior to 2000-01, when it was abolished as part of the changes under *The New Tax System*.

Statement 5: Revenue

Table C3: Major categories of revenue as a proportion of total revenue (accrual basis)^(a)

	Taxation revenue											Non-taxation revenue						
	Income tax					Other taxation revenue						Dividends and other	Total					
	Gross ITW %	Refunds other individuals %	FBT individuals & w/holding %	Super funds %	Companies %	PRRT %	Total income tax %	Petrol & other products %	Other fuel excise %	Other excise %	Customs duty %			Other tax(b) %	Interest %	non-tax revenue %		
1999-00	48.6	8.5	6.5	50.6	2.2	2.3	2.3	14.8	0.7	70.7	6.8	1.6	2.3	10.4	91.8	0.6	7.6	8.2
2000-01	46.7	8.3	6.8	48.2	2.3	3.3	3.3	21.7	1.5	76.9	7.7	4.1	2.8	2.4	93.8	0.7	5.5	6.2
2001-02	49.0	10.6	6.5	53.0	2.5	2.6	2.6	16.7	0.8	75.5	7.9	4.2	3.2	1.8	92.6	0.7	6.7	7.4
2002-03	48.2	10.4	6.6	52.0	1.8	2.8	2.8	19.0	1.0	76.6	7.6	4.2	3.2	1.8	93.4	0.7	5.9	6.6
2003-04	47.9	11.2	6.6	52.6	1.9	3.1	3.1	19.3	0.6	77.5	7.2	4.0	3.0	1.8	93.6	0.7	5.7	6.4
2004-05	47.6	11.6	6.6	52.5	1.7	3.1	3.1	20.9	0.7	78.9	6.9	3.7	2.7	1.8	94.0	0.8	5.2	6.0
2005-06	46.8	11.7	6.9	51.6	1.8	3.0	3.0	22.1	0.9	79.4	6.3	3.5	2.2	1.7	93.2	1.1	5.7	6.8
2006-07 est	45.7	11.4	7.3	49.8	1.6	3.2	3.2	24.7	0.7	80.0	6.2	3.4	2.4	1.5	93.6	1.6	4.8	6.4
2007-08 est	45.1	11.2	7.8	48.5	1.7	3.4	3.4	26.2	0.8	80.5	6.0	3.3	2.4	1.5	93.6	1.7	4.7	6.4

(a) Figures are on an Australian Government general government GFS basis.

(b) 'Other tax' includes wholesale sales tax prior to 2000-01, when it was abolished as part of the changes under *The New Tax System*.

Table C4: Australian Government receipts (cash basis)^(a)

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07(est)	2007-08(est)
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<i>Income taxation</i>												
Individuals and other withholding taxes												
Gross income tax withholding	64,521	69,366	75,170	81,055	75,009	78,983	84,134	89,638	97,304	103,120	107,000	110,690
Gross other individuals(b)	11,820	12,119	13,103	13,370	13,226	16,290	17,436	19,935	22,554	24,895	25,740	26,620
less: Refunds	8,808	9,525	10,325	10,946	10,989	10,637	11,651	12,325	13,734	15,244	17,140	19,360
Total individuals and other withholding	67,533	71,959	77,948	83,478	77,246	84,636	89,919	97,247	106,123	112,770	115,600	117,950
Fringe benefits tax	3,163	3,168	3,289	3,656	3,492	3,632	3,459	3,590	3,703	4,049	3,880	4,050
Superannuation funds												
Contributions and earnings	2,595	2,746	3,630	3,243	4,110	3,550	3,865	4,502	5,014	5,416	7,150	8,160
Surcharge		347	286	577	690	824	975	1,050	1,233	951	680	120
Total superannuation funds	2,595	3,093	3,916	3,820	4,800	4,373	4,840	5,551	6,248	6,368	7,830	8,280
Company tax	19,173	19,406	20,734	24,453	31,582	27,230	32,752	36,101	40,404	48,960	56,076	62,964
Petroleum resource rent tax	1,308	907	419	1,184	2,379	1,361	1,712	1,168	1,459	1,917	1,520	1,890
Income taxation receipts	93,773	98,534	106,306	116,592	119,498	121,233	132,681	143,657	157,937	174,063	184,906	195,134
<i>Excise and customs</i>												
Excise duty												
Petroleum and other fuel products	10,543	10,895	10,974	11,189	11,919	12,386	12,866	13,231	13,608	13,655	14,140	14,410
Crude oil	9	16	31	219	526	393	417	309	668	337	530	310
Other excise	2,739	2,663	2,614	2,670	6,572	6,837	7,450	7,539	7,612	7,822	8,050	8,220
Total excise duty	13,291	13,574	13,619	14,078	19,017	19,616	20,733	21,079	21,888	21,814	22,720	22,940
Customs duty	3,289	3,637	3,634	3,771	4,584	4,625	4,982	5,038	5,012	4,488	5,010	5,410
Excise and customs receipts	16,580	17,211	17,253	17,849	23,601	24,241	25,715	26,117	26,900	26,302	27,730	28,350
<i>Other indirect taxation</i>												
Wine equalisation tax				524	640	669	704	682	682	656	660	670
Luxury car tax				171	220	261	335	298	298	322	340	360
Agricultural levies				551	451	550	586	603	584	610	598	586
Other taxes(c)	15,462	16,475	17,545	16,321	2,453	1,459	1,506	1,607	1,775	1,964	2,165	1,757
Other indirect taxation receipts	15,462	16,475	17,545	16,871	3,599	2,870	3,022	3,249	3,339	3,553	3,763	3,373
Taxation receipts	125,815	132,219	141,104	151,313	146,698	148,343	161,418	173,023	188,176	203,918	216,400	226,857

Statement 5: Revenue

Table C4: Australian Government receipts (cash basis)^(a) (continued)

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07(est)	2007-08(est)
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<i>Non-taxation</i>												
Interest received	1,126	1,139	682	995	1,140	918	982	1,056	1,400	2,325	3,736	3,992
Dividends and other	4,089	3,610	4,659	13,782	13,276	13,623	14,102	13,257	14,384	15,591	14,484	14,762
Non-taxation receipts	5,216	4,749	5,341	14,777	14,416	14,541	15,084	14,313	15,784	17,916	18,220	18,754
Total receipts	131,031	136,968	146,444	166,089	161,115	162,884	176,503	187,336	203,960	221,834	234,619	245,611

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

(b) 'Other taxes' includes wholesale sales tax prior to 2000-01, when it was abolished as part of the changes under *The New Tax System*.

(c) Gross other individuals includes amounts previously collected under the Prescribed Payments System and Reportable Payments System between 1983-84 and 1999-00.

Table C5: Major categories of receipts as a proportion of gross domestic product (cash basis)^(a)

Year	Taxation receipts											Non-taxation receipts						
	Income tax				Other taxation receipts				Interest			Dividends and other		Total				
	Gross ITW %	Gross Refunds other individuals(C) %	Total individuals & w/holding %	FBT %	Super funds %	Companies %	PRRT %	Total income tax %	Petrol & other fuel products %	Other excise %	Customs duty %	Other tax(b) %	Total receipts %	Interest %	Dividends and other %	Total non-tax receipts %	Total receipts %	
1977-78	10.4	2.4	0.9	11.9	0.0	0.0	3.0	0.0	14.9	1.3	1.4	1.1	2.2	20.9	1.8	0.3	2.1	22.9
1978-79	9.9	2.1	0.9	11.1	0.0	0.0	2.6	0.0	13.7	1.8	1.5	1.2	2.0	20.2	1.6	0.3	2.0	22.2
1979-80	10.2	2.2	0.9	11.5	0.0	0.0	2.6	0.0	14.1	2.4	1.4	1.2	1.9	20.9	1.4	0.3	1.7	22.6
1980-81	10.3	2.3	0.8	11.8	0.0	0.0	3.1	0.0	15.0	2.7	1.2	1.2	1.8	21.9	1.4	0.3	1.7	23.6
1981-82	11.0	2.2	0.8	12.4	0.0	0.0	2.9	0.0	15.4	2.4	1.1	1.2	2.0	22.1	1.4	0.3	1.7	23.8
1982-83	11.4	2.2	1.1	12.5	0.0	0.0	2.6	0.0	15.1	2.6	1.1	1.1	2.3	22.2	1.5	0.5	2.0	24.2
1983-84	10.8	2.3	1.1	11.9	0.0	0.0	2.2	0.0	14.1	2.8	1.0	1.1	2.5	21.5	1.4	0.6	2.0	23.5
1984-85	11.2	2.5	0.9	12.8	0.0	0.0	2.4	0.0	15.2	2.8	0.9	1.3	2.7	23.0	1.4	0.7	2.1	25.1
1985-86	11.5	2.8	1.3	13.0	0.0	0.0	2.4	0.0	15.4	2.8	0.9	1.3	2.8	23.2	1.4	1.0	2.4	25.6
1986-87	11.7	3.4	1.3	13.8	0.2	0.0	2.4	0.0	16.4	2.6	0.9	1.2	2.8	23.9	1.3	1.1	2.4	26.3
1987-88	11.2	3.4	1.3	13.3	0.3	0.0	2.8	0.0	16.4	2.3	0.9	1.1	2.9	23.6	1.1	0.8	1.9	25.6
1988-89	11.6	3.2	1.4	13.3	0.3	0.0	2.8	0.0	16.4	1.9	0.6	1.0	3.1	23.2	1.0	0.3	1.4	24.5
1989-90	11.2	3.1	1.5	12.8	0.3	0.1	3.3	0.0	16.5	1.9	0.6	1.0	3.0	23.0	0.9	0.3	1.2	24.2
1990-91	11.0	3.2	1.7	12.5	0.3	0.3	3.5	0.1	16.6	2.0	0.6	0.8	2.8	22.8	0.8	0.4	1.2	24.0
1991-92	10.7	2.6	1.9	11.4	0.3	0.3	3.2	0.2	15.4	1.7	0.6	0.8	2.6	21.1	0.7	0.6	1.3	22.4
1992-93	10.5	2.3	1.8	11.0	0.3	0.3	3.0	0.3	15.0	1.7	0.5	0.8	2.5	20.4	0.6	0.7	1.3	21.7
1993-94	10.4	2.3	1.5	11.2	0.3	0.3	2.8	0.2	14.7	1.9	0.5	0.7	2.6	20.4	0.4	1.0	1.5	21.9
1994-95	10.7	2.4	1.6	11.4	0.6	0.4	3.2	0.2	15.8	1.9	0.5	0.7	2.8	21.7	0.4	0.6	1.0	22.7
1995-96	11.2	2.4	1.6	11.9	0.6	0.3	3.5	0.2	16.5	2.0	0.5	0.6	2.9	22.5	0.3	0.8	1.0	23.5
1996-97	11.4	2.6	1.6	12.4	0.6	0.5	3.5	0.2	17.2	1.9	0.5	0.6	2.8	23.1	0.2	0.7	1.0	24.0
1997-98	11.6	2.5	1.6	12.5	0.5	0.5	3.4	0.2	17.1	1.9	0.5	0.6	2.9	22.9	0.2	0.6	0.8	23.7

Statement 5: Revenue

Table C5: Major categories of receipts as a proportion of gross domestic product (cash basis)^(a) (continued)

Gross ITW %	Taxation receipts										Non-taxation receipts						
	Income tax					Other taxation receipts					Interest and other receipts %	Dividends and other receipts %	Total non-tax receipts %	Total receipts %			
	Gross Refunds other individuals(c) %	Total individuals & wholding %	FBT Super funds %	Companies %	PRRT %	Total income tax %	Petrol & other fuel products %	Other excise %	Customs duty tax(b) %	Other receipts %							
1998-99	11.9	2.6	1.7	12.8	0.5	0.6	3.4	0.1	17.5	1.8	0.4	0.6	2.9	0.1	0.8	0.9	24.1
1999-00	12.1	2.6	1.7	12.9	0.6	0.6	3.8	0.2	18.1	1.8	0.4	0.6	2.6	0.2	2.1	2.3	25.7
2000-01	10.9	1.9	1.6	11.2	0.5	0.7	4.6	0.3	17.3	1.8	1.0	0.7	0.5	0.2	1.9	2.1	23.4
2001-02	10.7	2.2	1.4	11.5	0.5	0.6	3.7	0.2	16.5	1.7	0.9	0.6	0.4	0.1	1.9	2.0	22.1
2002-03	10.8	2.2	1.5	11.5	0.4	0.6	4.2	0.2	17.0	1.7	1.0	0.6	0.4	0.1	1.8	1.9	22.6
2003-04	10.7	2.4	1.5	11.6	0.4	0.7	4.3	0.1	17.1	1.6	0.9	0.6	0.4	0.1	1.6	1.7	22.3
2004-05	10.9	2.5	1.5	11.8	0.4	0.7	4.5	0.2	17.6	1.6	0.8	0.6	0.4	0.2	1.6	1.8	22.7
2005-06	10.7	2.6	1.6	11.7	0.4	0.7	5.1	0.2	18.0	1.4	0.8	0.5	0.4	0.2	1.6	1.9	23.0
2006-07 est	10.4	2.5	1.7	11.2	0.4	0.8	5.4	0.1	17.9	1.4	0.8	0.5	0.4	0.4	1.4	1.8	22.7
2007-08 est	10.1	2.4	1.8	10.7	0.4	0.8	5.7	0.2	17.8	1.3	0.7	0.5	0.3	0.4	1.3	1.7	22.4

(a) Figures are on an Australian Government general government GFS basis.

(b) 'Other tax' includes wholesale sales tax prior to 2000-01, when it was abolished as part of the changes under The New Tax System.

(c) Gross other individuals includes amounts previously collected under the Prescribed Payments System and Reportable Payments System between 1983-84 and 1999-00.

Table C6: Major categories of receipts as a proportion of total receipts (cash basis)^(a)

	Taxation receipts												Other taxation receipts					Non-taxation receipts								
	Income tax						PRRT						Petrol & other products		Other excise		Customs duty		Total tax receipts		Interest		Dividends and other		Total non-tax receipts	
	Gross ITW %	Gross other individuals(c) %	Refunds %	Total individuals & w/holding %	FBT %	Super funds %	Companies %	PRRT %	Total income tax %	Petrol & other products %	Other excise %	Customs duty %	Other tax(b) %	Total tax receipts %	Interest %	Dividends and other %	Total non-tax receipts %									
1977-78	45.3	10.5	4.0	51.9	0.0	0.0	13.1	0.0	65.0	5.7	5.9	4.8	9.6	91.0	7.6	1.4	9.0									
1978-79	44.8	9.3	4.0	50.0	0.0	0.0	11.8	0.0	61.8	8.3	6.6	5.3	9.1	91.1	7.4	1.5	8.9									
1979-80	45.1	9.6	3.8	50.9	0.0	0.0	11.4	0.0	62.4	10.7	6.0	5.2	8.2	92.4	6.4	1.2	7.6									
1980-81	43.7	9.7	3.3	50.1	0.0	0.0	13.3	0.0	63.4	11.4	5.1	5.1	7.7	92.8	6.1	1.1	7.2									
1981-82	46.4	9.2	3.5	52.2	0.0	0.0	12.3	0.0	64.6	10.1	4.5	5.0	8.6	92.8	5.9	1.3	7.2									
1982-83	46.9	9.1	4.4	51.7	0.0	0.1	10.8	0.0	62.5	10.8	4.5	4.5	9.5	91.9	6.1	2.1	8.1									
1983-84	45.9	9.6	4.9	50.7	0.0	0.0	9.3	0.0	60.0	11.7	4.3	4.7	10.7	91.4	6.0	2.6	8.6									
1984-85	44.7	10.1	3.6	51.2	0.0	0.0	9.6	0.0	60.8	11.4	3.7	5.0	10.8	91.8	5.5	2.7	8.2									
1985-86	45.0	11.1	5.2	51.0	0.0	0.0	9.4	0.0	60.4	10.9	3.6	5.0	10.8	90.8	5.3	3.9	9.2									
1986-87	44.6	13.0	5.0	52.6	0.7	0.0	9.1	0.0	62.5	9.9	3.5	4.4	10.7	90.9	4.9	4.2	9.1									
1987-88	44.0	13.3	5.1	52.2	1.1	0.0	10.8	0.0	64.0	9.2	3.4	4.5	11.5	92.5	4.4	3.0	7.5									
1988-89	47.3	12.9	5.8	54.4	1.1	0.0	11.6	0.0	67.1	7.9	2.5	4.2	12.8	94.5	4.2	1.3	5.5									
1989-90	46.4	12.8	6.1	53.1	1.2	0.4	13.5	0.0	68.2	8.0	2.3	4.1	12.5	95.2	3.6	1.2	4.8									
1990-91	45.8	13.3	6.9	52.2	1.3	1.1	14.4	0.3	69.3	8.2	2.4	3.4	11.8	95.0	3.4	1.6	5.0									
1991-92	47.8	11.5	8.3	50.9	1.4	1.2	14.4	0.9	68.9	7.7	2.5	3.5	11.6	94.1	3.2	2.7	5.9									
1992-93	48.5	10.5	8.2	50.8	1.4	1.6	13.7	1.5	69.0	7.7	2.5	3.5	11.4	94.1	2.6	3.3	5.9									
1993-94	47.6	10.5	7.1	51.1	1.4	1.2	12.6	1.1	67.3	8.5	2.2	3.2	12.1	93.3	2.0	4.6	6.7									
1994-95	46.9	10.5	7.2	50.3	2.5	1.7	14.1	0.8	69.4	8.5	2.3	3.1	12.3	95.7	1.6	2.7	4.3									
1995-96	47.5	10.1	6.8	50.8	2.5	1.3	15.0	0.6	70.2	8.4	2.1	2.6	12.3	95.6	1.2	3.2	4.4									
1996-97	47.5	10.7	6.7	51.5	2.4	2.0	14.6	1.0	71.6	8.1	2.1	2.5	11.8	96.0	0.9	3.1	4.0									
1997-98	48.8	10.7	7.0	52.5	2.3	2.3	14.2	0.7	71.9	8.0	1.9	2.7	12.0	96.5	0.8	2.6	3.5									

Statement 5: Revenue

Table C6: Major categories of receipts as a proportion of total receipts (cash basis)^(a) (continued)

	Taxation receipts											Non-taxation receipts					
	Income tax					Other taxation receipts						Total tax receipts	Interest	Dividends and other	Total non-tax receipts		
	Gross ITW %	Gross other individuals(c) %	Refunds %	Total individuals & w/holding %	FBT %	Super funds %	Companies %	PRRT %	Total income tax %	Petrol & other products %	Fuel excise %					Other excise %	Customs duty %
1998-99	49.4	10.9	7.1	53.2	2.2	2.7	14.2	0.3	72.6	7.5	1.8	2.5	12.0	96.4	0.5	3.2	3.6
1999-00	46.9	9.9	6.6	50.3	2.2	2.3	14.7	0.7	70.2	6.9	1.6	2.3	10.2	91.1	0.6	8.3	8.9
2000-01	46.6	8.2	6.8	47.9	2.2	3.0	19.6	1.5	74.2	7.7	4.1	2.8	2.2	91.1	0.7	8.2	8.9
2001-02	48.5	10.0	6.5	52.0	2.2	2.7	16.7	0.8	74.4	7.8	4.2	2.8	1.8	91.1	0.6	8.4	8.9
2002-03	47.7	9.9	6.6	50.9	2.0	2.7	18.6	1.0	75.2	7.5	4.2	2.8	1.7	91.5	0.6	8.0	8.5
2003-04	47.8	10.6	6.6	51.9	1.9	3.0	19.3	0.6	76.7	7.2	4.0	2.7	1.7	92.4	0.6	7.1	7.6
2004-05	47.7	11.1	6.7	52.0	1.8	3.1	19.8	0.7	77.4	7.0	3.7	2.5	1.6	92.3	0.7	7.1	7.7
2005-06	46.5	11.2	6.9	50.8	1.8	2.9	22.1	0.9	78.5	6.3	3.5	2.0	1.6	91.9	1.0	7.0	8.1
2006-07 est	45.6	11.0	7.3	49.3	1.7	3.3	23.9	0.6	78.8	6.3	3.4	2.1	1.6	92.2	1.6	6.2	7.8
2007-08 est	45.1	10.8	7.9	48.0	1.6	3.4	25.6	0.8	79.4	6.0	3.3	2.2	1.4	92.4	1.6	6.0	7.6

(a) Figures are on an Australian Government general government GFS basis.

(b) 'Other tax' includes wholesale sales tax prior to 2000-01, when it was abolished as part of the changes under *The New Tax System*.

(c) Gross other individuals includes amounts previously collected under the Prescribed Payments System and Reportable Payments System between 1983-84 and 1999-00.

APPENDIX D: DESCRIPTION OF THE REVENUE HEADS

INCOME TAXATION

Individuals and other withholding taxation

These revenue heads broadly cover all personal income tax. A schedule of the personal income tax rates for the period covered in this budget is provided in Table D1.

Gross income tax withholding

The bulk of Gross income tax withholding (ITW) revenue arises from the Pay-As-You-Go (PAYG) withholding system, under which taxes are withheld from wage and salary income.

ITW also includes all other withholding taxes levied on natural resource payments, dividends, interest and royalties paid to non-residents, payments to Australian indigenous groups for the use of land for mineral exploration and mining, and amounts withheld because no Tax File Number or Australian Business Number was quoted – these taxes are often withheld from companies, rather than individuals. It also includes applicable Medicare levy revenue.

Gross other individuals

Gross revenue from other individuals consists of income tax paid by individuals other than that collected through the PAYG withholding system, and includes applicable Medicare levy revenue. It comprises:

- PAYG instalments paid directly by individuals – that is, not withheld by employers; and
- debit assessments on income tax returns.

Taxpayers in this category derive their income from many sources, including:

- profits from small unincorporated businesses, primary production and investment activities;
- wages and salaries (when PAYG withholding credits are insufficient to meet the tax liability on assessment); and
- capital gains.

Most revenue from other individuals is collected directly from the taxpayer through the PAYG instalment system. Individuals with annual tax liabilities of \$8,000 or more and individuals who are registered for the GST will generally make quarterly payments. Individuals who have annual taxation liabilities of less than \$8,000 and are

Statement 5: Revenue

not registered for the GST have the choice of making quarterly payments or an annual payment.

Revenue from other individuals is also collected from debit assessments on income tax returns. These arise when tax credits are insufficient to meet the final tax liability, requiring taxpayers to make an additional payment for the difference.

Income tax refunds for individuals

A final assessment of the income tax liabilities of individual taxpayers is normally made on the basis of returns lodged after the end of each financial year. Refunds from the ATO are made where tax credits to an individual exceed their final liability on assessment.

Medicare levy

The amount of Medicare levy paid is based on an individual's taxable income and is normally calculated at 1.5 per cent of taxable income, but this rate may vary depending on circumstances. An individual may be exempt from the levy or may pay a reduced levy if the taxpayer has a low income. Individuals and families on higher incomes who do not have an appropriate level of private hospital cover may also have to pay the Medicare levy surcharge, which is calculated at an additional 1 per cent of taxable income.

Low income tax offset (LITO)

The low income tax offset provides targeted tax relief to low income earners. The LITO is claimable on assessment and reduces a taxpayer's tax liability.

Table D1: Personal income tax rates^(a)

	From 1 July 2005		From 1 July 2006		From 1 July 2007		From 1 July 2008	
	Taxable income	Per cent	Taxable income	Per cent	Taxable income	Per cent	Taxable income	Per cent
Residents	\$0-\$6,000	Nil	\$0-\$6,000	Nil	\$0-\$6,000	Nil	\$0-\$6,000	Nil
	\$6,001-\$21,600	15	\$6,001-\$25,000	15	\$6,001-\$30,000	15	\$6,001-\$30,000	15
	\$21,601-\$63,000	30	\$25,001-\$75,000	30	\$30,001-\$75,000	30	\$30,001-\$80,000	30
	\$63,001-\$95,000	42	\$75,001-\$150,000	40	\$75,001-\$150,000	40	\$80,001-\$180,000	40
	> \$95,000	47	> \$150,000	45	> \$150,000	45	> \$180,000	45
Non-residents	\$0-\$21,600	29	\$0-\$25,000	29	\$0-\$30,000	29	\$0-\$30,000	29
	\$21,601-\$63,000	30	\$25,001-\$75,000	30	\$30,001-\$75,000	30	\$30,001-\$80,000	30
	\$63,001-\$95,000	42	\$75,001-\$150,000	40	\$75,001-\$150,000	40	\$80,001-\$180,000	40
	> \$95,000	47	> \$150,000	45	> \$150,000	45	> \$180,000	45
Medicare levy for singles^(b)	\$0-\$16,284	Nil	\$0-\$16,740	Nil	\$0-\$16,740	Nil	\$0-\$16,740	Nil
	\$16,285-\$17,604	20% of > \$16,284	\$16,741-\$19,157	10% of > \$16,740	\$16,741-\$19,157	10% of > \$16,740	\$16,741-\$19,157	10% of > \$16,740
	> \$17,604	1.5	> \$19,157	1.5	> \$19,157	1.5	> \$19,157	1.5
Low Income Tax Offset	\$0-\$21,600	Amount \$235	\$0-\$25,000	Amount \$600	\$0-\$30,000	Amount \$750	\$0-\$30,000	Amount \$750
	\$21,601-\$27,475	less 4% of > \$21,600	\$25,001-\$40,000	less 4% of > \$25,000	\$30,001-\$48,750	less 4% of > \$30,000	\$30,001-\$48,750	less 4% of > \$30,000
	> \$27,475	Nil	> \$40,000	Nil	> \$48,750	Nil	> \$48,750	Nil

(a) These standard income tax rates can be offset by a range of concessional arrangements, including the senior Australians tax offset, the spouse tax offset, the low income tax offset and the mature age worker tax offset.

(b) These standard Medicare levy rates apply to singles. Different concessional and penalty rates apply in certain circumstances.

Statement 5: Revenue

Fringe benefits tax

Fringe benefits tax is paid on non-salary benefits provided by employers to employees which are provided in place of, or in addition to, the salary and wages of employees.

The tax is payable by employers and is assessed on the value of the fringe benefits provided to employees or their associates. From 1 April 2006, fringe benefits tax has been levied at 46.5 per cent of the grossed-up taxable value of benefits, as calculated under the fringe benefits tax rules.

Following a reclassification in Government Finance Statistics reporting standards that was implemented at the 2006-07 Budget, fringe benefits tax includes revenue collected from employees of Australian Government agencies.

Taxation on superannuation funds

These taxes cover all income taxes generally paid by superannuation funds on behalf of their members on their contributions and earnings. A schedule of the superannuation funds tax rates for the period covered in this budget is provided in Table D2.

Table D2: Superannuation funds tax rates

	From 1/7/2005 Per cent	From 1/7/2006 Per cent	From 1/7/2007 Per cent
Superannuation funds			
Complying funds	15	15	15
Non-complying funds	47	45	45

Superannuation funds taxation

Superannuation funds are taxed generally at a concessional rate of 15 per cent in relation to taxable contributions received, realised capital gains and investment income. Only two-thirds of a capital gain is included in assessable income if the asset is held for at least 12 months.

From 1 July 2007, funds will be taxed at a rate of 46.5 per cent (involving an additional 31.5 per cent for complying funds) with respect to contributions where no tax file number has been quoted to the fund. Funds will be able to claim back the additional tax, as an income tax offset, where a valid tax file number is quoted to the fund within a four year period.

Life insurers and retirement savings account (RSA) providers also conduct superannuation business. Tax on superannuation contributions, realised capital gains and investment income in life insurers and RSA providers is levied at the same rates as applies to superannuation funds but is paid through the company income tax system.

Superannuation surcharge

The superannuation surcharge was abolished with effect from 1 July 2005 and does not apply after the 2004-05 financial year. However, assessments of surcharge and amended assessments continue to be issued in respect of the 2004-05 and earlier financial years. Interest will still accrue on any surcharge debt an individual has incurred.

Company and other related income taxation

These revenue heads broadly cover all income taxes paid by corporate type entities. A schedule of the company income tax rates for the period covered in this budget is provided in Table D3.

Table D3: Company and other related income tax rates

	From 1/7/2005 Per cent	From 1/7/2006 Per cent	From 1/7/2007 Per cent
Company tax	30	30	30
Petroleum resource rent tax	40	40	40

Company income taxation

Company income taxation includes all income taxes paid by companies, including incorporated and unincorporated associations, limited partnerships and some corporate unit trusts and public trading trusts.

Generally, every resident company that derives assessable income (including capital gains), whether sourced within or outside of Australia, and every non-resident company that derives assessable income from Australian sources is required to pay company tax.

Petroleum resource rent tax

Petroleum resource rent tax is levied at a rate of 40 per cent on taxable profit in respect of offshore petroleum projects other than some of the North-West Shelf production areas, which are subject to excise (included in excise on petroleum and other fuel products) and royalties. The amount paid is deductible from a company's taxable income when determining its company tax liability.

INDIRECT TAXATION

Excise and customs duty

Excise duty

The major categories of excisable products are petroleum and other fuel products, crude oil, oils and lubricants, tobacco and alcoholic beverages (other than wine). Equivalent duties on identical imported products are imposed through, and reported under, customs duty.

Statement 5: Revenue

Petroleum and other fuel excise includes excise on petrol (gasoline), diesel, fuel ethanol, biodiesel, aviation gasoline, aviation kerosene, fuel oil, heating oil and kerosene. It is imposed at specific rates per litre of product.

- Petrol includes unleaded petrol and lead replacement petrol (which replaced leaded petrol but is taxed at the unleaded petrol rate).
- All revenue from excise duty on aviation gasoline and aviation kerosene contributes to the funding of aviation activities undertaken by the Civil Aviation Safety Authority. The rates of excise applying to aviation fuels are adjusted, as necessary, depending on the funding requirements of those activities.

Crude oil excise provides a return to the community for the exploitation of its natural resources. The crude oil excise regime applies to:

- production from offshore fields in the North-West Shelf production licence areas that are not subject to petroleum resource rent tax; and
- production from onshore fields and fields in coastal waters.

The rate of excise varies according to the quantity of crude oil sold, the sale price of the crude oil, and the dates of discovery and development of the oil field.

Other excise is derived from beer, spirits, other alcoholic beverages (other than wine) and tobacco products.

- For beer, spirits and other alcoholic beverages, excise is imposed on the alcohol content. The excise rate on beer in containers greater than 48 litres (draught beer) is lower than for other beer.
 - Beer for personal consumption (non-commercial beer) brewed in commercial facilities attracts duty at a reduced rate, equivalent to 7 per cent of the applicable beer excise.
- Excise is imposed on a *per stick* basis for cigarettes that do not exceed 0.8 grams (actual tobacco content) and on a *per kilogram* basis for other tobacco products.

Wine is not subject to excise, but is subject to the wine equalisation tax.

Excise indexation

The excise rates for petroleum products and oils and lubricants are no longer indexed. Excise indexation for petroleum products was removed in March 2001.

The rates of duty for other excisable products are adjusted every August and February in line with half-yearly consumer price index (CPI) movements (Table D4). If the

change in the CPI is negative, the excise rate is not reduced. Instead the decline is carried forward to be set off against the next positive CPI movement.

Table D4: Excise rates

Commodity	Rates applying from	Rates applying from	Rates applying from	Rates applying from
	1 Aug 2005 \$	1 Feb 2006 \$	1 Aug 2006 \$	1 Feb 2007 \$
Petroleum and other fuel products (per litre)				
Gasoline	0.38143	0.38143	0.38143	0.38143
Diesel	0.38143	0.38143	0.38143	0.38143
Ethanol and Biodiesel	0.38143	0.38143	0.38143	0.38143
Blends of the above	-	-	0.38143	0.38143
Aviation gasoline(a)	0.03114	0.02854	0.02854	0.02854
Aviation kerosene(a)	0.03151	0.02854	0.02854	0.02854
Other Petroleum Products(b)	-	-	0.38143	0.38143
Fuel oil(c)	0.07557	0.07557	-	-
Heating oil and kerosene (for burner use)(c)	0.07557	0.07557	-	-
Greases (per kilogram)	0.05449	0.05449	0.05449	0.05449
Oils and lubricants, excluding greases (per litre)	0.05449	0.05449	0.05449	0.05449
Beer (per litre of alcohol over 1.15 per cent)				
Draught beer, low strength	6.24	6.33	6.49	6.54
Draught beer, mid strength	19.60	19.89	20.39	20.55
Draught beer, high strength	25.65	26.03	26.68	26.89
Other beer, low strength	31.26	31.73	32.52	32.78
Other beer, mid strength	36.43	36.98	37.90	38.20
Other beer, high strength	36.43	36.98	37.90	38.20
Non-commercial, low strength(d)	-	-	2.28	2.30
Non-commercial, mid and high strength(d)	-	-	2.64	2.66
Other beverages, not exceeding 10 per cent alcohol content (per litre of alcohol)	36.43	36.98	37.90	38.20
Potable spirits (per litre of alcohol)				
Brandy	57.62	58.48	59.94	60.42
Other spirits, exceeding 10 per cent alcohol content	61.71	62.64	64.21	64.72
Cigarettes, cigars and tobacco (tobacco content of 0.8 grams or less per stick)				
	0.22915	0.23259	0.2384	0.24031
Tobacco products (per kilogram)	286.44	290.74	298.01	300.39

(a) Aviation fuel rates reduced to \$0.02854 per litre with effect from 1 November 2005.

(b) Excise rates for these fuels increased to \$0.38143 on 1 July 2006.

(c) Excise rates for these fuels increased to \$0.38143 on 1 July 2006, and have been subsequently identified as components of other petroleum products.

(d) As of 1 July 2006, non-commercial beer was explicitly identified in the *Excise Tariff Amendment (Fuel Tax Reform and Other Measures) Act 2006*, with introductory rates of \$2.22 per litre for low strength beer and \$2.58 per litre for mid and high strength beer before the rate was indexed on 1 August 2006.

Customs duty

Customs duty is imposed as a percentage of the value of the imported good and/or on a volumetric basis (where duty is applied per unit of quantity) for excise equivalent products. In general, other dutiable goods attract a general tariff rate of 5 per cent.

Tariffs on passenger motor vehicles and textile, clothing and footwear account for around one-third of the total duty collected. Approximately 40 per cent of customs duty revenue is derived from duty imposed on imports of petroleum products, tobacco, beer and spirits, which is akin to excise duty on these items.

Statement 5: Revenue

Table D5: Tariff rates

	Applying before 1 January 2005 Per cent	Applying from 1 January 2005 Per cent	Applying from 11 May 2005 Per cent
General tariff	5	5	5
Passenger motor vehicles	15	10	10
Textiles clothing and footwear			
Clothing and finished textiles	25	17.5	17.5
Cotton sheeting, fabric, carpet and footwear	15	10	10
Sleeping bags, table linen and footwear parts	10	7.5	7.5
Tariff concession order			
Consumer goods	0	0	0
Other (business inputs)	3	3	0

Other taxation

Wine equalisation tax

All wines, meads, perries, ciders and sakes are subject to a wine equalisation tax (WET) of 29 per cent on the wholesale value of the goods. The tax was introduced as part of *The New Tax System* to offset the removal of the previous wholesale sales tax on wine and the application of the goods and services tax. The WET was set at a rate to ensure that the price of cask wine need only increase by the estimated general price rise.

Unlike alcohol excises, the wine equalisation tax is an *ad valorem* tax. It is calculated at a rate of 29 per cent of the final wholesale price or, in certain other permitted circumstances, of a nominal wholesale value calculated as 50 per cent of the retail price, or alternatively at the average wholesale price for identical wine.

From 1 October 2004, a rebate has been payable on the first \$290,000 in wine equalisation tax paid annually by any producer or producer group. This rebate increased to \$500,000 from 1 July 2006.

Luxury car tax

The luxury car tax was introduced as part of *The New Tax System* to maintain a tax differentiation between luxury vehicles and other vehicles sold in Australia.

The luxury car tax applies at a rate of 25 per cent for every dollar over the luxury car threshold. The current luxury car threshold is \$57,009. The threshold is indexed annually using the motor vehicle purchase component of the CPI, which is composed of observed price movements for new vehicles sold in Australia.

Agricultural levies

Agricultural levies and charges are used to fund industry activities, such as research and development, marketing and promotion, residue testing, and animal health programmes.

The need for a levy is usually identified by the industry itself and the levy is generally collected at the first point of sale of the primary produce or point of further processing.

All levies and charges are paid into the Consolidated Revenue Fund without deduction and then disbursed to fund the relevant programme.

Other taxes

The major contributors to this category are the passenger movement charge and import processing and depot charges administered by the Australian Customs Service.

Other contributors include broadcasting licence fees, which are payable by all commercial radio and television licensees and are calculated as a percentage of licensees' gross earning for the previous year. Other taxes also include the Superannuation Guarantee Charge and the Universal Service Obligation levy.

Non-taxation revenue

Sales of goods and services

This category consists of revenue from the direct provision of goods and services by the Australian Government general government sector, including reimbursement of GST administration costs received from the states.

Dividends

The main sources of dividends are the Australian Government's business enterprises, the Reserve Bank of Australia (RBA) and the Future Fund. Dividend payments from the RBA can be volatile, as they are sensitive to movements in interest rates and the exchange rate.

Interest

Interest from other governments

This category mainly consists of revenue from the States for interest on General Purpose and Specific Purpose borrowings.

The Australian Government receives interest payments from the States in respect of General Purpose borrowings made on behalf of the States under the State Governments' Loan Council Programme (and from the Northern Territory in respect of advances made under similar General Purpose capital assistance arrangements). Payments relating to these advances are made, in turn, by the Australian Government to bond holders.

Interest from the States on General Purpose borrowings is declining as a result of the June 1990 Loan Council decision that the States and Territories make additional payments to the Australian Government each year to facilitate the redemption of all maturing Australian Government securities issued on their behalf. The reduction in

Statement 5: Revenue

interest revenue from the States is matched by a reduction in public debt interest expenses.

The Australian Government also receives interest on Specific Purpose borrowings to the States, including on advances made under the Commonwealth-State Housing Agreements, States (Works and Housing) Assistance Acts, Northern Territory Housing Advances, and by the Australian Capital Territory on debts assumed upon self-government.

Interest from other sources

This item includes interest income on Australian Government cash balances and on other financial assets including assets held by the Future Fund. It excludes swap transactions entered into as part of the Australian Government's debt management strategy, as they are reported separately in the Statement of Other Economic Flows under Government Finance Statistics standards. The Australian Office of Financial Management is responsible for the management and reporting of the Australian Government's net debt portfolio.

Other sources of non-taxation revenue

Other non-taxation revenue includes petroleum royalties paid by producers operating in the Timor Sea and the North-West Shelf oil and gas fields, Child Support Trust Revenue (collected by the Child Support Agency) and seigniorage from circulation coin production.

APPENDIX E: TAXATION REVENUE RECOGNITION

There are different methods of accounting for taxation revenue. Each method of revenue recognition results in estimates and outcomes that may be significantly different to those produced using other methods.

Accrual accounting was introduced by the Australian Government for the 1999-2000 Budget. Before then, all estimates and outcomes were reported only on a cash basis. Cash recognition still plays a role in budgeting and outcomes reporting, with both accrual and cash taxation revenue estimates and outcomes reported in the budget papers. Furthermore, there are also different methods for recognising accrual revenue.

This appendix provides an explanation of the different revenue recognition methods that apply to the various taxation revenue heads.

Revenue recognition methods

Cash recognition

Under cash recognition, which is also referred to as receipts recognition, taxation receipts are accounted for at the time a taxation payment is received by the relevant authority. The receipt may be a different amount than the taxation liability and result in a subsequent amended (refund or debit) assessment. The payment may also be received in a different period from which the taxation liability relates.

Cash recognition is an integral part of an accrual accounting framework because of its use in the cash flow statement and to provide additional information about the structure of taxation. Cash data are also available over a much longer period – accrual data are only available since 1999-2000 – and are therefore often used for time series analysis.

Accrual revenue recognition

The AAS and GFS standards for accrual accounting (refer to Appendix A in Statement 2 for an explanation of these reporting standards) require that taxation revenue be recognised in the reporting period in which the underlying economic transaction occurs, such as when the taxpayer earns the income that is subsequently subject to taxation. This is known as the Economic Transactions Method (ETM). However, the standards permit reporting using an alternative approach when there is an inability to reliably measure taxation revenues using the ETM approach.

Currently, ETM revenue has been determined not to be a reliable measure for several significant revenue heads – individuals and other withholding taxation, company income taxation and superannuation taxation. These revenue heads, which collectively account for the majority of total revenue, are recognised using the Taxation Liability Method (TLM) rather than ETM.

Statement 5: Revenue

Under TLM, taxation revenue is accounted for at the time a taxpayer makes a payment or self assessment or when an assessment of a taxation liability is raised by the relevant authority. This method retains some elements of cash revenue recognition – for example, revenue is recognised when cash payment occurs prior to an assessment being raised.

The point of revenue recognition under ETM and TLM can sometimes be in different periods – for example, a taxation return lodged in October 2005 for the 2004-05 income year, and which results in a new taxation liability or a refund, would be recognised in the 2004-05 financial year under ETM and in the 2005-06 financial year for TLM. In this case, ETM requires that outcomes for 2004-05 include an estimation of liabilities or revenue relating to activities in 2004-05 that are likely to be identified in subsequent periods. TLM outcomes do not incorporate this estimation, as only currently identified taxation liabilities are reported. Consequently, aggregate TLM revenue outcomes are usually known with relative certainty, although there can be estimation issues involved in allocating aggregate amounts between different heads of revenue.

In addition, AAS and GFS treat prior period adjustments for revised estimates to ETM revenue outcomes differently. GFS requires that a time series of outcomes is maintained, such that prior year outcomes are continually adjusted as new information comes to light. This is consistent with the AAS treatment of changes in accounting policy or correction of errors which are recast in prior periods. In contrast, AAS requires that prior period adjustments as a result of revised estimates are not back-cast, and instead are reflected in the current period results. This difference in treatment reflects the different purpose in each of the standards:

- GFS ETM data may be more accurate over the long term, and may therefore be better for economic analysis, but have the disadvantage of constantly being revised; whereas
- AAS ETM outcomes are finalised at the end of each financial year (although, as noted above, changes in accounting policy and corrections of errors are recast in prior periods), and this greater level of certainty may be better for budgeting and reporting.

History of accrual revenue recognition

From 1999-2000 to 2005-06, all accrual taxation revenue has been recognised in the Budget on a TLM basis. From the 2006-07 Budget, ETM revenue recognition has been adopted for all revenue heads where the ETM revenue can be reliably estimated. This generally occurs where the economic activity, the identification of the liability and the receipt of the payment all occur with little or no lag – and consequently, the ETM and TLM (and cash) recognition methods produce relatively consistent results.

TLM revenue recognition continues to be used where ETM estimates are considered unreliable. At present, this is limited to individuals and other withholding taxation, company income taxation and superannuation taxation, but this will be reviewed periodically. ETM estimates and outcomes are inherently more volatile for these revenue heads, mainly because they incorporate the estimation of significant levels of liabilities likely to be identified in future periods. This additional level of estimation would increase the likelihood of differences between the revenue estimates and outcomes, with consequential impacts on the budget balances. This greater level of uncertainty would make the implementation of fiscal policy more problematic than if these revenue heads continue to be recognised using TLM.

Differences between the accrual and cash taxation revenue estimates

Table E1: Estimates of taxation revenue on an accrual and cash basis

	Estimates		Projections		
	2006-07 \$b	2007-08 \$b	2008-09 \$b	2009-10 \$b	2010-11 \$b
Taxation revenue (accrual)	220.5	231.1	244.1	256.6	267.3
Taxation receipts (cash)	216.4	226.9	239.6	252.1	262.8
Difference (accrual less cash)	4.1	4.2	4.5	4.6	4.4
<i>Memorandum items:</i>					
ACIS(a)	0.4	0.4	0.4	0.3	0.2
Net receivables	0.7	0.9	0.9	1.0	0.9
Other	2.9	3.0	3.2	3.2	3.2
Total	4.1	4.2	4.5	4.6	4.4

(a) Automotive Competitiveness and Investment Scheme.

Automotive Competitiveness and Investment Scheme

The Automotive Competitiveness and Investment Scheme (ACIS) operates by providing customs duty credits to exporters of Australian automotive products. The credits can be offset against future customs duty on specific imports.

Under accrual accounting, an expense is recognised when the ACIS credits are issued. Later, specified imports generate a customs duty liability and customs duty accrual revenue is recognised. However, no customs duty receipts are received as the redemption of the ACIS credits offsets the customs duty liability. Therefore, the redemption of the credits results in an increase in the difference between the accrual and cash estimates for customs duty. ACIS credits account for \$400 million of the difference between the accrual and cash estimates in 2006-07.

Statement 5: Revenue

Other

This category consists of other timing differences between the recognition of accrual revenue and cash receipts as well as instances where revenue has been recognised but payment is no longer expected to be received. For example:

- *receivables* arise where taxation liabilities are recognised in one period, but the taxpayer is not expected to pay the liability until a later period;
- *remissions* occur where taxation liabilities are recognised, but circumstances are taken into account and the Commissioner of Taxation reduces the amount of various penalties and interest required to be paid;
- a taxation liability may be *written-off* where the previously recognised revenue is no longer expected to be received;
- a *credit amendment* may be issued where a taxation assessment is amended (for example, where a court decision leads to a change in the interpretation of the taxation laws); and
- an *economic transactions method adjustment* for those revenue heads on an ETM basis, when the economic activity giving rise to a taxation liability takes place in one financial year and the payment is received in a subsequent financial year.

APPENDIX F: NET TAX THRESHOLDS

The impact of taxes on Australian households should be assessed alongside the level of assistance going to families from the government, either as offsets to tax or through direct payments.

Since 1996, the Government has substantially increased the level of Family Allowance and Family Tax Benefit provided to families (from around 1.3 per cent of GDP to 1.6 per cent of GDP in 2006-07). In particular, the Government has increased the real disposable income of families through the introduction of measures such as the Family Tax Benefit and the Baby Bonus.

One way of illustrating the combined effect of cash transfers and tax for families is by showing the change in the real net tax threshold. The net tax threshold is the point at which taxes paid begin to exceed cash transfers received. Table F1 shows that the net tax threshold will have increased by more than 39 per cent in real terms between 1996-97 and 2007-08 for a range of families.

Table F1: Increases in real net tax thresholds for families, ^(a) 1996-97 to 2007-08

Family type(b)	Real net tax threshold		Per cent change
	1996-97	2007-08	
Sole parent	\$36,525	\$50,813	39.1
Single income couple with children	\$35,920	\$50,813	41.5
Dual income couple with children (75:25 split)	\$36,584	\$55,340	51.3
Dual income couple with children (60:40 split)	\$36,688	\$54,820	49.4
Dual income couple with children (67:33 split)	\$36,640	\$55,118	50.4

(a) The net tax threshold is the level of private income at which income tax paid first exceeds cash benefits received. Dollar amounts are calculated in 2007-08 prices.

(b) Families are assumed to have two children — one aged 3 years and the other aged 8 years. The numbers in brackets represent the share of wages of each working adult in couple families.

APPENDIX G: AUSTRALIA'S TAX SYSTEM

AUSTRALIA'S TAX SYSTEM COMPARED WITH THE OECD

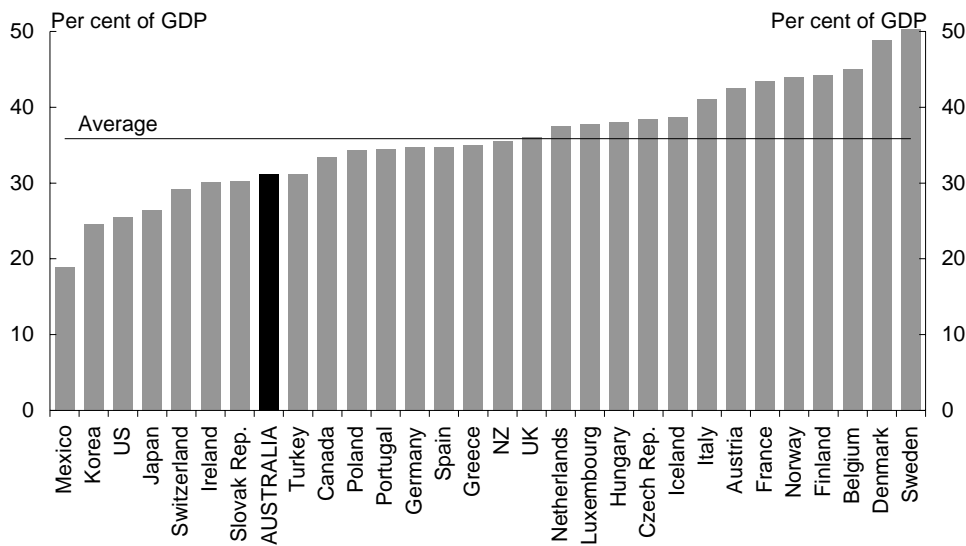
The analysis in this section includes the tax systems of all levels of government combined – national, state and local. Comparisons are provided with the tax systems of other OECD economies.

Tax burden

Australia's tax burden – defined as taxation as a proportion of GDP – is low by international standards. In 2004 (Australia's 2004-05 financial year), the latest year for which comparable international data are available, Australia had the eighth lowest tax burden of the OECD countries (Chart G1) and has typically ranked in the bottom third of countries since 1965.

- In 2004, Australia's tax burden was 31.2 per cent – below the OECD average of 35.9 per cent.

Chart G1: Total tax burden for OECD countries, 2004^(a)

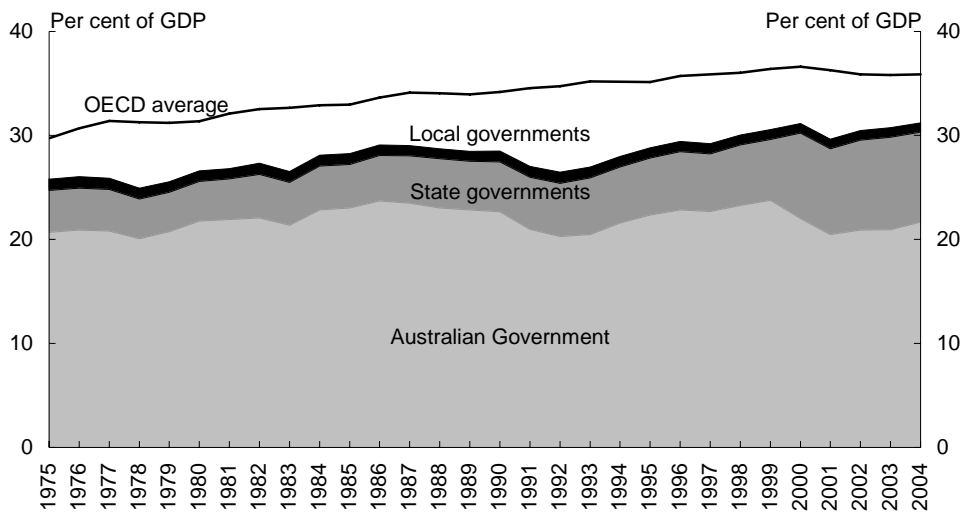


(a) The OECD's measure of the tax burden is the total taxation revenue of national, state and local governments expressed as a percentage of gross domestic product.
Source: OECD *Revenue Statistics*, 2006.

As part of Australia's largest tax reform, *The New Tax System*, which came into effect on 1 July 2000, the goods and services tax (GST) replaced the inefficient wholesales sales tax and state transaction taxes, and personal income taxes were substantially reduced. *The New Tax System* also reformed Commonwealth-State financial relations, with all GST revenue provided to the states. The tax burden of Australia's state governments increased from 5.9 per cent of GDP in 1999 to 8.2 per cent of GDP in 2000 with the introduction of the GST (Chart G2). Since 2000, the tax burden of the state governments has increased to 8.6 per cent of GDP in 2004. The Australian Government's tax burden has decreased from 22 per cent in 2000 to 21.7 per cent in 2004.

Chart G2: The Australian tax burden by government sector

Total taxation revenue as a proportion of GDP, 1975-2004



Source: OECD.

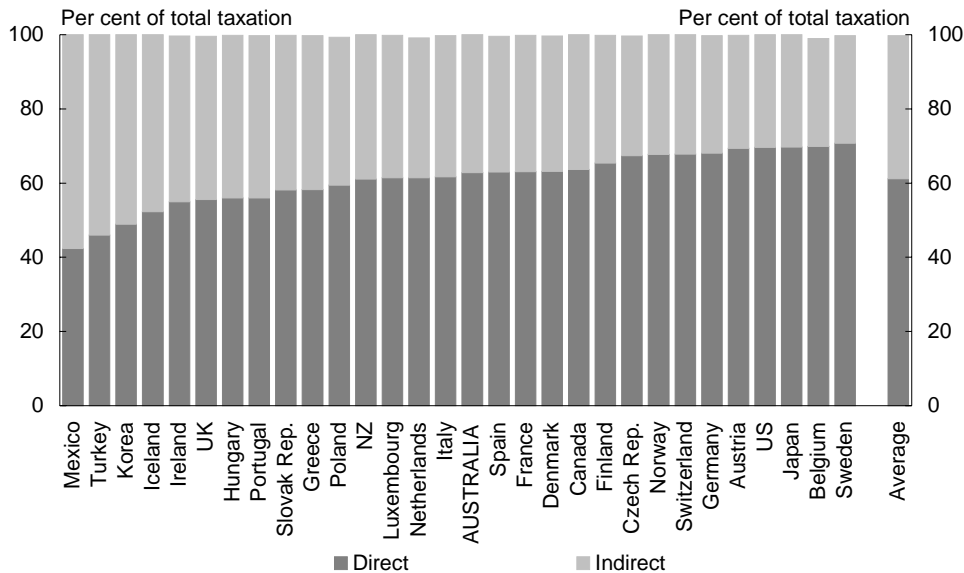
Tax mix

The Australian tax mix is broadly similar to most OECD countries (Chart G3), although there are a few distinguishing features.

Like most countries, Australia raises the majority of its taxation revenue (62.8 per cent in 2004) from direct taxation, which is levied on incomes – wages, salaries, payrolls and profits. Countries with a higher reliance than Australia on direct taxation include Japan (69.7 per cent) and the United States (69.6 per cent).

The remaining 37.2 per cent of Australia’s taxation revenue is derived from indirect taxation, including the GST (value added tax), excise and customs duties, and property taxes. The OECD average is 38.6 per cent.

Chart G3: Direct and indirect taxation revenue as a proportion of total taxation revenue for OECD countries, 2004



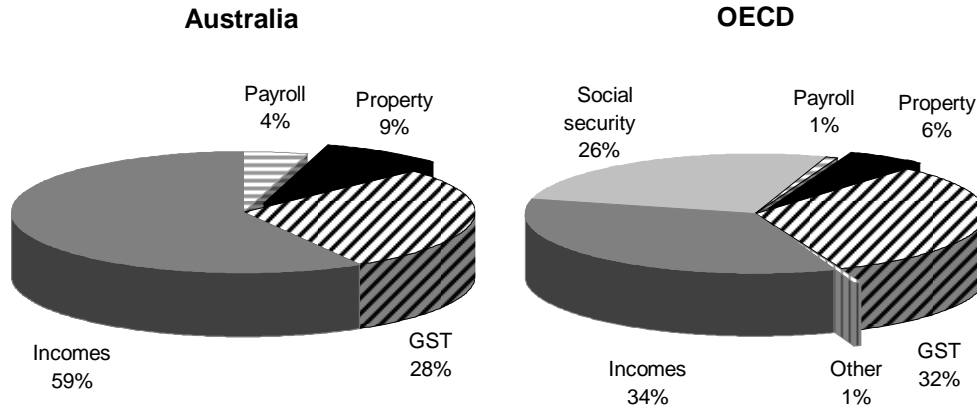
Source: OECD Revenue Statistics, 2006.

However, Australia’s composition of direct taxes differs from most OECD countries. For a significant number of countries, social security taxes are the largest source of direct taxation revenue, whereas Australia is one of two countries that do not levy social security taxes. When income taxes, payroll taxes and social security taxes are taken together, the share of Australia’s direct taxes in total taxation is broadly comparable with the OECD average (Chart G4).

Australia has the fourth lowest level of total taxation on personal income – which includes taxes on personal income, social security taxes and payroll taxes – in the OECD (Chart G5). Australia’s tax burden relating to these items (13.9 per cent of GDP) is significantly lower than the OECD average (19 per cent).

Chart G4: Australia's tax mix compared with the OECD average^(a)

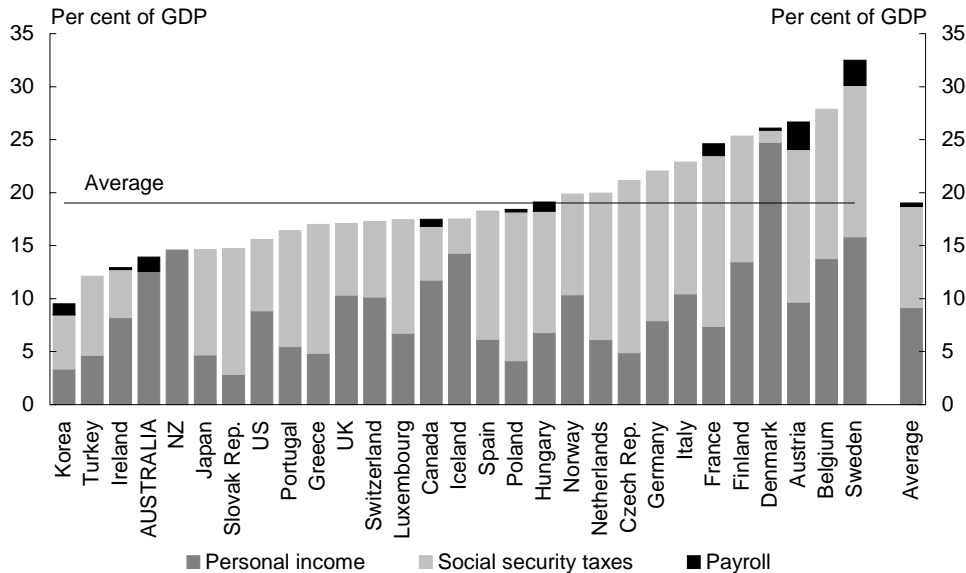
Direct and indirect taxation revenue as a proportion of total taxation revenue, 2004



(a) Social security taxes are payments to the government that are earmarked to provide social security benefits. They usually consist of two components — one withheld from employees' wages and the other paid by employers. Both components are treated by the OECD as a tax on the income of individuals because they form part of an employee's remuneration. Examples of social security benefits funded through social security taxes include: unemployment insurance benefits and supplements; accident, injury and sickness benefits; old age, disability and survivors' pensions; family allowances; reimbursements for medical and hospital expenses; and provision of hospital or medical services. Australia funds these types of government programmes through general taxation revenue rather than a specific social security tax.

Source: OECD Revenue Statistics, 2006.

Chart G5: Components of direct taxation in respect of individuals and payrolls, 2004



Source: OECD Revenue Statistics, 2006.

AUSTRALIAN GOVERNMENT TAXATION

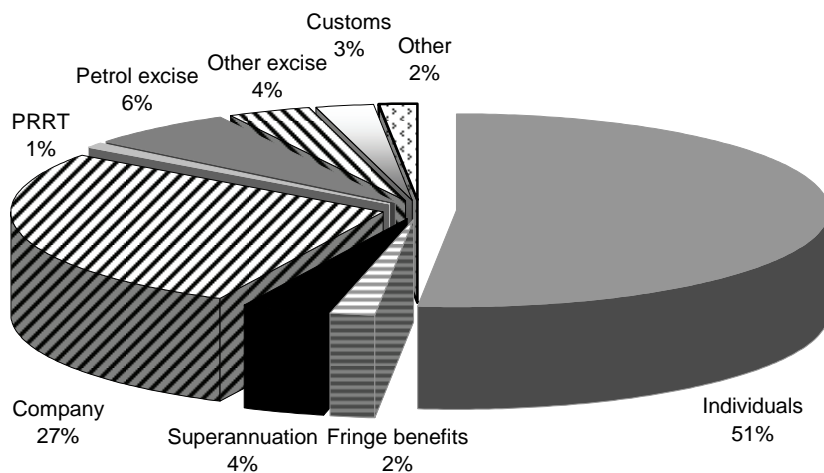
The analysis in the previous section included the tax systems of all levels of government combined. This section includes just the taxes of the Australian Government – that is, it excludes taxes imposed by state and local governments.

Tax mix

The Australian Government's main source of revenue is from taxes on income. These represent around 85 per cent of total taxation revenue (Chart G6).

- Personal income tax, which is made up of gross income tax withholding, gross other individuals and refunds, accounts for 51 per cent of total taxation revenue. A further 4 per cent is from taxes levied on superannuation and 2 per cent is from taxes on fringe benefits payments.
- Company income tax accounts for 27 per cent of total taxation revenue.
- Most of the remaining taxation revenue is accounted for by excise and customs duties, which account for 13 per cent of total taxation revenue.

Chart G6: Australian Government tax mix, 2007-08



Personal income tax distribution

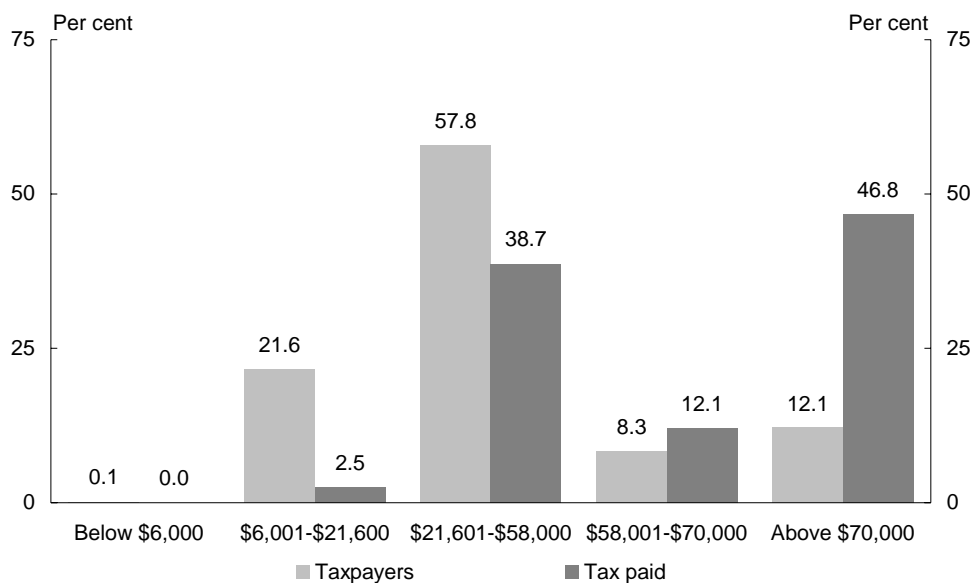
The personal income tax system is progressive – a larger share of the tax is borne by those individuals who are best placed to bear it, while those individuals who have limited means bear relatively little or no tax (Chart G7).

For the 2004-05 income year (the latest year for which tax return data is available from the Australian Taxation Office (ATO)), 47 per cent of personal income tax was collected from the 12 per cent of taxpayers who were in the top marginal tax bracket.

In comparison, the 22 per cent of taxpayers who earned less than \$21,600 in taxable income paid only 2.5 per cent of the tax burden.

The 66 per cent of middle income tax payers (in the \$21,601 to \$70,000 income range) paid 51 per cent of the tax burden.

Chart G7: Personal income tax distribution for 2004-05



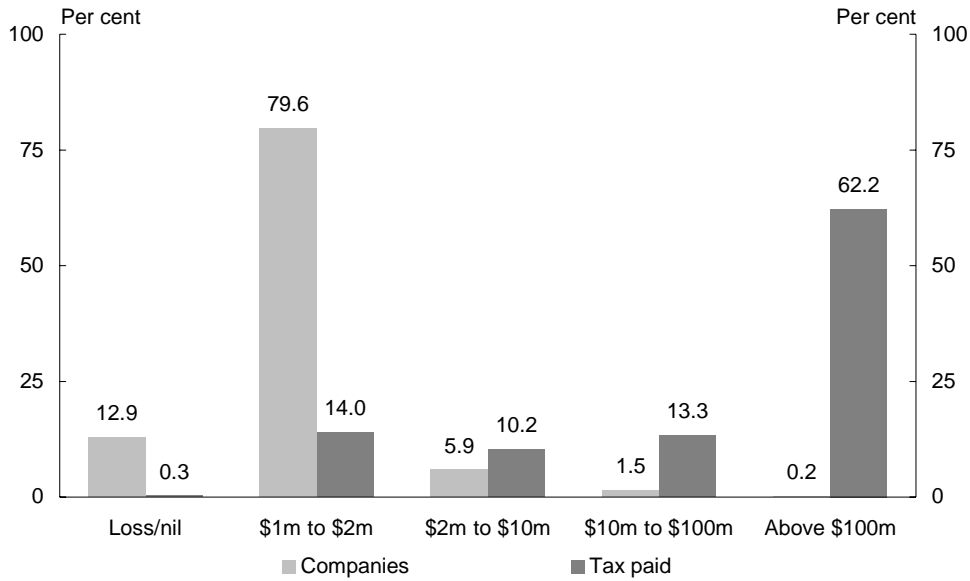
Source: Australian Taxation Office, *Taxation Statistics 2004-05*.

Company income tax distribution

Most company income tax is paid by a relatively small group of large companies (Chart G8). For the 2004-05 income year (the latest year for which tax return data are available from the ATO), over three-quarters of company income tax was collected from the 2 per cent of incorporated taxpayers that earned more than \$10 million in total income.

Statement 5: Revenue

Chart G8: Company tax distribution for 2004-05

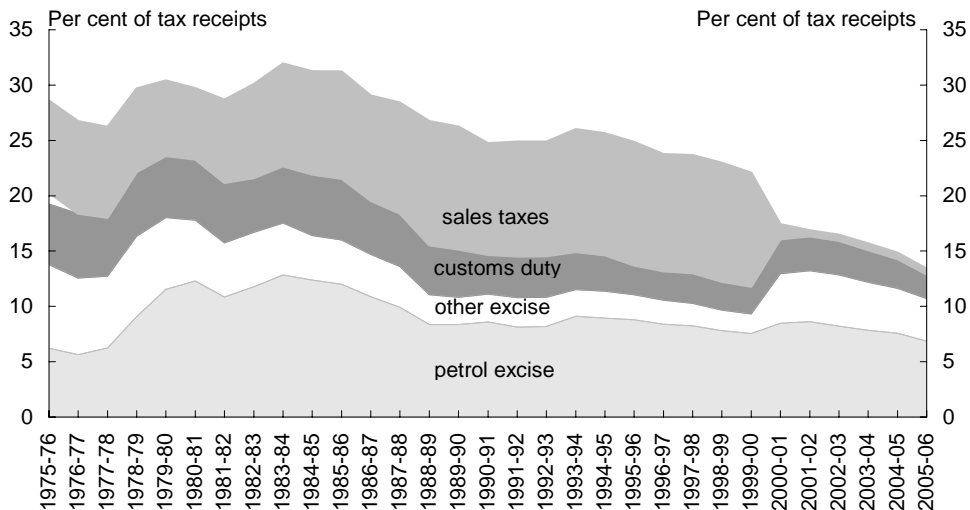


Source: Australian Taxation Office, *Taxation Statistics 2004-05*.

Indirect taxes

The share of indirect taxes in total taxation receipts is in long term decline because some of the indirect tax bases do not grow as quickly as the income tax bases and because of policy decisions taken by governments to reform the indirect tax base (Chart G9).

Chart G9: Australian Government indirect taxes

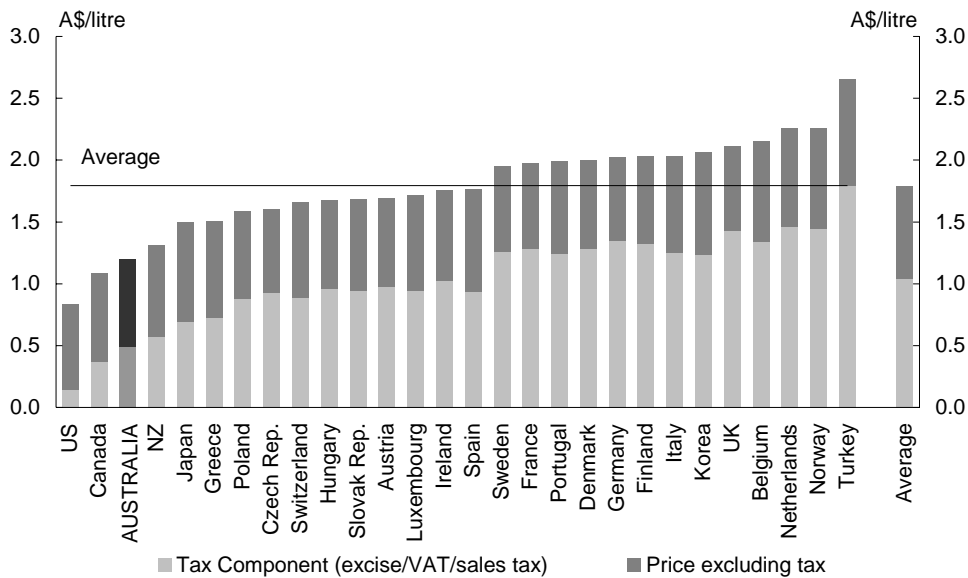


Source: Treasury.

With the abolition of wholesale sales tax, the removal of indexation from petroleum excise and trade liberalisation, indirect taxation receipts are expected to continue to decline in relative importance for the Australian Government.

The rate of excise duty on unleaded petrol in Australia is 38.1 cents per litre. It has been at this level since the indexation of petrol excise rates to the consumer price index (CPI) ceased in March 2001. The impact of excise duty on unleaded petrol, combined with the impact of general consumption taxes (VAT, GST and sales taxes), is shown in Chart G10 for most OECD countries. Under this combined measure, which illustrates the total tax impost on consumers, the average level of tax included in petrol prices for the OECD countries shown was A\$1.04 per litre in the first quarter of 2006. In comparison, the level of tax included in unleaded petrol prices in Australia for this quarter was less than half this amount at A\$0.49 per litre – the third lowest of the OECD countries for which comparable data are available.

Chart G10: Unleaded petrol prices^(a)
 OECD countries, first quarter 2006



(a) Converted to Australian dollars using US/Australian dollar exchange rate from the first quarter of 2006. Tax data is for the first quarter of 2006. Data for Iceland and Mexico was unavailable. Source: Australian Treasury estimates based on International Energy Agency and OECD data.

APPENDIX H: TAX EXPENDITURES

This appendix contains an overview of the cost 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 a 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 programmes. For this reason, and noting their direct impact on the fiscal balance, these concessions are generally called tax expenditures.

The data reported in this appendix are consistent with tax expenditure data reported in the *2006 Tax Expenditures Statement* published in December 2006. Care needs to be taken when analysing tax expenditure data: see section 2.1 of the *2006 Tax Expenditures Statement* for a detailed discussion.

Table H1 contains estimates of total tax expenditures for the period 2003-04 to 2010-11.

Table H1: Aggregate tax expenditures

Year	Superannuation \$m	Other tax expenditures \$m	Net value of tax expenditures \$m	Tax expenditures
				as a proportion of GDP %
2003-04 (est)	13,540	20,015	33,555	4.0
2004-05 (est)	16,600	22,693	39,293	4.4
2005-06 (est)	18,080	24,064	42,144	4.4
2006-07 (proj)	17,255	24,064	41,319	4.0
2007-08 (proj)	20,250	26,420	46,670	4.3
2008-09 (proj)	22,230	27,692	49,922	4.4
2009-10 (proj)	23,940	28,756	52,696	4.4
2010-11 (prelim)	25,780	30,206	55,986	4.5

Table H1 shows that, in the *2006 Tax Expenditures Statement*, measured tax expenditures as a proportion of GDP were projected to fall from 4.4 per cent in 2005-06 to 4.0 per cent in 2006-07, mainly as a result of the impact of personal income tax rate reductions on the tax expenditures estimates. The ratio was projected to increase to 4.4 per cent by 2009-10, mainly because of changes in superannuation tax arrangements including the *Simplified Superannuation reforms*.

Table H2 is a list of the major tax expenditures in 2006-07.

Table H2: Major tax expenditures 2006-07

	\$m
Large positive tax expenditures	
Concessional taxation of funded superannuation	17,110
Capital gains tax discount for individuals and trusts	4,980
Exemption of Family Tax Benefit Parts A and B, including expense equivalent	2,430
Senior Australians' Tax Offset	1,870
Tax offset for recipients of certain social security benefits, pensions or allowances	1,150
Application of statutory formula to value car benefits	1,070
Exemption of certain income support benefits, pensions or allowances	970
Exemption of 30 per cent private health insurance refund, including expense equivalent	950
Concessional rate of excise levied on aviation gasoline and aviation turbine fuel	805
Exemption from excise for 'alternative fuels'	750
Tax offset for low income earners	640
Deduction for gifts to approved donees	640
Large negative tax expenditures	
Higher rate of excise levied on cigarettes with less than 0.8 grams of tobacco	-1,355
Accelerated depreciation allowance for plant and equipment	-840

