

Appendix A: GST Revenue

GST REVENUE

A GST at a rate of 10 per cent will be introduced from 1 July 2000. The GST will be levied on a broad range of goods and services across the economy. Some goods and services, such as basic food, education and health services will be GST-free, while financial supplies, residential rents and home ownership will be input taxed. At the same time that the GST is introduced, the Government will reduce excise on petroleum and diesel and abolish the wholesale sales tax. In addition, some State taxes will also be abolished.

Table A1: Summary of GST Aggregates^(a)

	1999-00 \$m	2000-01 \$m	2001-02 \$m	2002-03 \$m	2003-04 \$m
GST Revenue	-	23956	27868	28872	30469

(a) GST estimates used in this Appendix are exclusive of the GST growth dividend which is included in estimates of GST revenue provision reported in Chapter 2.

Table A2: Reconciliation of GST Revenue Estimates

	1999-00 \$m	2000-01 \$m	2001-02 \$m	2002-03 \$m
GST revenue at 1999-2000 Budget	-	27409	32290	33259
<i>Changes from 1999-2000 Budget to MYEFO</i>				
Effect of policy decisions	-	-3339	-3900	-4136
Effect of parameter and other variations	-	74	104	68
Total variations	-	-3265	-3796	-4068
GST revenue at 1999-2000 MYEFO	-	24144	28494	29191
<i>Changes from MYEFO to 2000-01 Budget</i>				
Effect of policy decisions	-	-5	-	-
Effect of parameter and other variations	-	-183	-626	-319
Total variations	-	-188	-626	-319
GST revenue at 2000-01 Budget	-	23956	27868	28872

GST MEASURES

There have been a number of individual amendments to the various Acts in *The New Tax System* legislation. The majority of the amendments have been technical amendments that ensure the original policy intention is achieved. The measures table below provides a list of those amendments since the 1999-2000 Budget that are expected to have a budgetary impact. These measures are all contained within the Treasury portfolio and administered by the Australian Taxation Office.

Table A3: GST Revenue Measures since the 1999-2000 Budget^{(a)(b)}

	2000-01 \$m	2001-02 \$m	2002-03 \$m	2003-04 \$m
Basic food GST-free	-3146.0	-3699.0	-3923.0	-4117.1
Amendments to GST on financial services	-50.0	-60.0	-70.0	-70.0
GST-free S2 medicines	-43.0	-46.0	-48.0	-50.9
Complementary health services GST-free	-40.0	-40.0	-50.0	-53.0
Adult and community education GST-free	-10.0	-10.0	-10.0	-10.6
Approved public health goods GST-free	*	*	*	*
Notional input tax credit for motor vehicle operating lessors	-50.0	-45.0	-35.0	-20.0
Pre-paid funeral contracts taken out before 1 December 1999 GST-free until 1 July 2005	-5.0	-	-	-
Total impact of GST revenue measures(c)	-3344.0	-3900.0	-4136.0	-4321.6

(a) Revenue is on an AAS31 basis.

(b) A minus sign indicates a reduction in revenue, no sign before an estimates indicates a gain to revenue.

(c) Measures may not add due to rounding.

Basic food GST-free

Revenue (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	-3146.0	-3699.0	-3923.0	-4117.1

Explanation

This measure makes food for human consumption GST-free, except for food supplied in the course of catering (including prepared meals, takeaway foods and restaurants), alcoholic beverages, soft drinks and similar beverages and certain food items such as confectionery, ice cream and snack foods.

Amendments to GST on financial services

Revenue (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	-50.0	-60.0	-70.0	-70.0

Explanation

A reduced input tax credit will be provided for the purchase of a specified list of taxable services used to make financial supplies. The reduced credit rate of 75 per cent ensures that there is no bias between insourcing and outsourcing a listed service. The measure will particularly benefit smaller organisations in the financial sector like credit unions, which operate with a large range of outsourced activities.

GST-free S2 medicines

Revenue (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	-43.0	-46.0	-48.0	-50.9

Explanation

This measure makes products on Schedule 2 (S2) of the Standard for the uniform scheduling of drugs and poisons GST-free. Smaller pack sizes of S2 products will also be GST-free.

Complementary health services GST-free

Revenue (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	-40.0	-40.0	-50.0	-53.0

Explanation

This measure expands the range of health professionals who may provide GST-free health services to include appropriately qualified naturopaths, acupuncturists and herbalists. For a transitional period of three years they will be able to provide GST-free services. From 1 July 2003 only practitioners recognised under State law or a national registration scheme will be entitled to provide services GST-free. This will bring the treatment of appropriately qualified naturopaths, acupuncturists and herbalists in line with that of other health service providers.

Adult and community education GST-free

Revenue (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	-10.0	-10.0	-10.0	-10.6

Explanation

The Minister for Education may make adult education and training that is likely to develop employment related skills GST-free by way of a Ministerial determination subject to approval of the Ministerial Council.

Approved public health goods GST-free

Revenue (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	*	*	*	*

Explanation

This measure allows appropriate public health goods to be GST-free. The Minister for Health may make a good GST-free by way of a Ministerial determination, subject to approval of the Ministerial Council. The Commonwealth will seek the approval of the Ministerial Council to make sunscreens, condoms, personal lubricants and folate supplements GST-free.

Notional input tax credit for motor vehicle operating lessors

Revenue (\$m)

	2000-01	2001-02	2002-03	2003-2004
Australian Taxation Office:	-50.0	-45.0	-35.0	-20.0

Explanation

The measure allows motor vehicle operating lessors to claim a notional input tax credit to offset the GST on wholesale sales tax-paid vehicles purchased prior to 2 December 1998 and sold after 30 June 2000.

The measure will ensure that motor vehicle operating lessors are not penalised by having to bear an unanticipated GST burden, where there is no opportunity to pass this onto consumers. The measure does not apply to vehicles purchased after 2 December 1998 or to finance leases or hire purchase.

Pre-paid funeral contracts taken out before 1 December 1999 GST-free until 1 July 2005

Revenue (\$m)

	2000-01	2001-02	2002-03	2003-04
Australian Taxation Office:	-5.0	-	-	-

Explanation

This measure ensures that installments under funeral contracts paid before 1 July 2005, where the contract was entered into before 1 December 1999, are GST-free.

