

STATEMENT 4: REVENUE

Since the 2014-15 Budget, the forecast for nominal GDP has been revised down significantly by around \$172 billion over the four years to 2017-18, which has weakened the outlook for tax receipts. The 2015-16 Budget forecasts for tax receipts, excluding new policy, have been downgraded since the 2014-15 Budget by \$14.0 billion in 2015-16 and \$51.7 billion over the four years to 2017-18. Excluding GST, tax receipts variations are forecast to be \$14.1 billion lower in 2015-16 and \$51.9 billion lower over the four years to 2017-18.

The decline in the price of iron ore accounts for around \$20 billion of this write-down. While most of this downgrade is from taxes paid by mining companies there are also effects on taxes paid by other businesses, taxes on wages and other sources of revenue. Weaker expected wage growth is expected to lead to lower taxes from individuals of \$16.4 billion over the four years to 2017-18.

Since the 2014-15 MYEFO, forecast tax receipts have been downgraded by \$5.9 billion in 2015-16 and \$20.1 billion over the four years to 2017-18, driven by downgrades to forecasts for nominal GDP totalling around \$63 billion over the four years to 2017-18.

Downgrades in forecast tax receipts since the 2013 Pre-Election Economic and Fiscal Outlook are estimated to have totalled over \$90 billion across the forward years.

Total tax receipts as a per cent of GDP are expected to be 22.3 per cent in 2015-16, slightly lower than estimated at the 2014-15 Budget at 22.5 per cent.

CONTENTS

Overview 4-5

Tax outlook 4-6

Variations in receipts estimates 4-7

Variations in revenue estimates 4-17

Appendix A: Tax expenditures 4-20

STATEMENT 4: REVENUE

OVERVIEW

Relative to the 2014-15 Budget, expected tax receipts, excluding policy, have been downgraded by around \$14.0 billion in 2015-16 and \$51.7 billion over the four years to 2017-18. Excluding GST, tax receipts have been downgraded by around \$14.1 billion in 2015-16 and \$51.9 billion over the four years to 2017-18. As GST is paid to the States, tax receipts excluding GST represent the tax receipts available to the Australian Government.

Since the 2014-15 Budget, the fall in commodity prices has had a significant impact on both business profits and wages with material implications for nominal GDP. The forecast for nominal GDP has been revised down significantly, by around \$172 billion over the four years to 2017-18, which has weakened the outlook for tax receipts. Excluding policy decisions, company tax has been revised down by \$6.8 billion (9.0 per cent) in 2015-16 and \$19.9 billion over the four years to 2017-18 since the 2014-15 Budget. Lower forecasts for wage growth have also led to lower expectations for taxes from individuals and superannuation funds totalling around \$4.9 billion (2.4 per cent) in 2015-16 and \$20.6 billion over the four years to 2017-18.

The rapid fall in the iron ore price has been the largest single contributor to write-downs to Government tax receipts over the past year. Since the 2014-15 Budget, forecasts of iron ore export values have been reduced by around \$90 billion over the four years to 2017-18. This contributes to lower nominal GDP and has reduced forecast tax collections by around \$20 billion over the same period. Most of this downgrade is from taxes paid by mining companies but there are also effects on taxes paid by other businesses, taxes on wages and other sources of revenue.

Total tax receipts as a per cent of GDP are expected to increase from 22.3 per cent in 2015-16 to 23.4 per cent by 2018-19, an increase of 1.0 percentage points (Table 1). Excluding GST the tax-to-GDP ratio is expected to increase by 0.9 percentage points.

Statement 4: Revenue

Table 1: Australian Government general government receipts

	Actual		Estimates		Projections	
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Total taxation receipts (\$b)	338.4	351.5	370.1	396.4	422.8	452.5
Growth on previous year (%)	3.7	3.9	5.3	7.1	6.6	7.0
Per cent of GDP	21.4	21.9	22.3	22.7	23.0	23.4
Tax receipts excluding GST (\$b)	287.3	297.5	313.1	335.5	358.3	384.3
Growth on previous year (%)	3.2	3.5	5.3	7.1	6.8	7.3
Per cent of GDP	18.2	18.5	18.9	19.2	19.5	19.8
Non-taxation receipts (\$b)	22.0	25.9	27.8	26.0	30.8	35.8
Growth on previous year (%)	-10.9	17.8	7.7	-6.5	18.4	16.0
Per cent of GDP	1.4	1.6	1.7	1.5	1.7	1.8
Total receipts (\$b)	360.3	377.3	398.0	422.5	453.6	488.2
Growth on previous year (%)	2.6	4.7	5.5	6.2	7.4	7.6
Per cent of GDP	22.8	23.5	24.0	24.2	24.7	25.2

Since the 2014-15 Budget, total receipts, including non-tax receipts, have been revised down by \$8.5 billion in 2014-15, \$12.4 billion in 2015-16 and \$49.7 billion over the four years to 2017-18.

TAX OUTLOOK

Table 2 reconciles the 2015-16 Budget's estimates of tax receipts with the 2014-15 Budget and the 2014-15 MYEFO estimates. Relative to the 2014-15 Budget, tax receipts, including policy, have been revised down by \$8.9 billion in 2014-15, \$15.1 billion in 2015-16 and \$54.1 billion over the four years to 2017-18.

Relative to the 2014-15 MYEFO, tax receipts, including policy, have been revised down by \$2.1 billion in 2014-15, \$6.5 billion in 2015-16 and \$20.8 billion over the four years to 2017-18.

Table 2: Reconciliation of Australian Government general government taxation receipts estimates from the 2014-15 Budget

	Estimates			Projections	
	2014-15	2015-16	2016-17	2017-18	Total
	\$m	\$m	\$m	\$m	\$m
Tax receipts at 2014-15 Budget	360,372	385,286	411,691	437,562	1,594,911
Changes from 2014-15 Budget to 2014-15 MYEFO					
Effect of policy decisions	-556	-554	-312	-339	-1,761
Effect of parameter and other variations	-6,222	-8,129	-8,587	-8,645	-31,581
Total variations	-6,777	-8,683	-8,898	-8,983	-33,342
Tax receipts at 2014-15 MYEFO	353,594	376,604	402,792	428,579	1,561,569
Changes from 2014-15 MYEFO to 2015-16 Budget					
Effect of policy decisions	-3	-554	-226	66	-717
Effect of parameter and other variations	-2,139	-5,910	-6,145	-5,883	-20,076
Total variations	-2,142	-6,463	-6,371	-5,817	-20,793
Tax receipts at 2015-16 Budget	351,452	370,140	396,422	422,762	1,540,776

The downward revision to tax receipts is primarily driven by declines in prices of key commodities, particularly for iron ore. Between the 2014-15 Budget and the 2014-15 MYEFO, the iron ore price fell from around US\$95 per tonne FOB (free on board) to around US\$60 per tonne. Since the 2014-15 MYEFO, the price fell to as low as US\$43 per tonne, with some recovery in recent weeks. The forecasts in this Budget are underpinned by an iron ore price of US\$48 per tonne. Lower international prices for key commodities have been partly offset by falls in the value of the Australian dollar. Weaker expected wage growth since the 2014-15 Budget has also significantly downgraded expected tax receipts. For more details on the economic outlook, see Budget Statement 2.

Abstracting from policy decisions, tax receipts have been revised down \$20.1 billion over the four years to 2017-18 since the 2014-15 MYEFO. New policy measures since the 2014-15 MYEFO are expected to reduce tax receipts by \$0.7 billion over the four years to 2017-18. Significant measures include: continuing the GST compliance program; a tax cut to all small businesses through a 1.5 percentage point tax cut for small companies and a 5 per cent tax discount on income from unincorporated small business activity; expanding accelerated depreciation for all small businesses; and modernising the methods available to calculate work-related car expense deductions. For more details on revenue and expense measures introduced at this Budget, see Budget Paper 2.

The 2014-15 Budget provisions for both the 1.5 per cent company levy to fund the Paid Parental Leave Scheme and reduction in the general company tax rate to 28.5 per cent have now been removed.

The 2015-16 Budget continues to include a provision for the China-Australia Free Trade Agreement. Consistent with usual practice, this will become a revenue measure when the agreement is signed.

VARIATIONS IN RECEIPTS ESTIMATES

Table 3 reconciles the 2015-16 Budget's estimates of total receipts, which include non-tax receipts, with the 2014-15 Budget and the 2014-15 MYEFO estimates. These differences reflect the impact of parameter and other variations and the impact of policy decisions.

Statement 4: Revenue

Table 3: Reconciliation of Australian Government general government receipts estimates from the 2014-15 Budget and the 2014-15 MYEFO^(a)

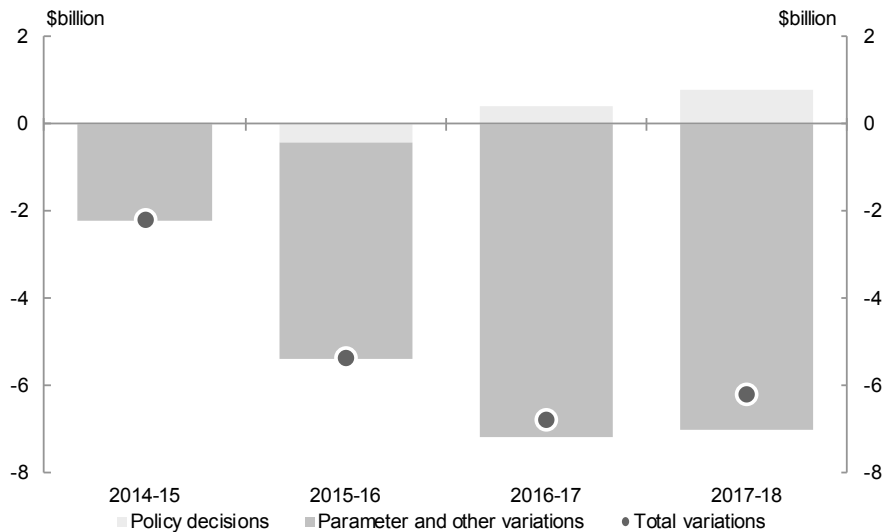
	Estimates			Projections	Total
	2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m	
Receipts at 2014-15 Budget	385,778	410,427	436,849	467,985	1,701,040
Changes from 2014-15 Budget to 2014-15 MYEFO					
Effect of policy decisions	-486	-350	-105	-140	-1,082
Effect of parameter and other variations	-5,809	-6,714	-7,515	-8,040	-28,078
Total variations	-6,295	-7,064	-7,620	-8,180	-29,160
Receipts at 2014-15 MYEFO	379,483	403,362	429,228	459,806	1,671,880
Changes from 2014-15 MYEFO to 2015-16 Budget					
Effect of policy decisions	40	-432	396	783	787
Effect of parameter and other variations	-2,214	-4,950	-7,163	-6,993	-21,321
Total variations	-2,174	-5,382	-6,767	-6,211	-20,535
Receipts at 2015-16 Budget	377,309	397,980	422,461	453,595	1,651,345

(a) Includes expected Future Fund earnings.

Since the 2014-15 MYEFO, total receipts have been revised down by around \$20.5 billion in the four years to 2017-18, reflecting a downward revision of \$21.3 billion from parameter and other variations, and an increase of \$0.8 billion from policy decisions. Excluding GST, total receipts have been revised down \$5.2 billion in 2015-16 and \$22.1 billion over the four years to 2017-18.

Since the 2014-15 Budget, total receipts have been revised down by \$49.7 billion over the four years to 2017-18.

Chart 1 shows the revisions to estimates for total receipts, which includes non-tax receipts, since the 2014-15 MYEFO over the four years to 2017-18. The revisions are broken down by revisions owing to policy decisions and revisions owing to parameter and other variations.

Chart 1: Revisions to total receipts estimates since the 2014-15 MYEFO

Source: Treasury.

Variations in receipts can stem from either policy changes or parameter and other variations – that is, recent economic conditions, the updated economic outlook, year-to-date tax collections and other non-policy factors. The key economic parameters that influence receipts are shown in Table 4. Analysis of the sensitivity of the tax receipts estimates to changes in the economic outlook is provided in Budget Statement 7.

Table 4: Key economic parameters^(a)

	Estimates			Projections	
	2014-15	2015-16	2016-17	2017-18	2018-19
Revenue parameters at 2015-16 Budget					
Nominal gross domestic product (non-farm)	1 1/2	3 1/4	5 1/2	5 1/4	5 1/2
Change since 2014-15 MYEFO	- 1/4	-1 1/4	1/4	0	na
Compensation of employees(b)	3	3 3/4	4 1/2	4 3/4	5 1/4
Change since 2014-15 MYEFO	- 1/2	- 1/2	- 1/4	- 1/2	na
Corporate gross operating surplus(c)	-2 3/4	1/4	7 1/2	6 1/2	5 3/4
Change since 2014-15 MYEFO	1/2	-4	1 1/2	1	na
Unincorporated business income (non-farm)	3/4	1 1/2	4	5	5 3/4
Change since 2014-15 MYEFO	-2 3/4	-1 1/4	1	1 1/2	na
Property income(d)	4	6	7	5 1/4	5 1/2
Change since 2014-15 MYEFO	-1 1/2	-3 1/2	1 3/4	0	na
Consumption subject to GST	3 1/2	5 1/4	5 1/2	5 1/2	5 1/2
Change since 2014-15 MYEFO	- 3/4	- 1/2	1/4	0	na

(a) Current prices, per cent change on previous years. Changes since the 2014-15 MYEFO are percentage points and may not reconcile due to rounding.

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

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

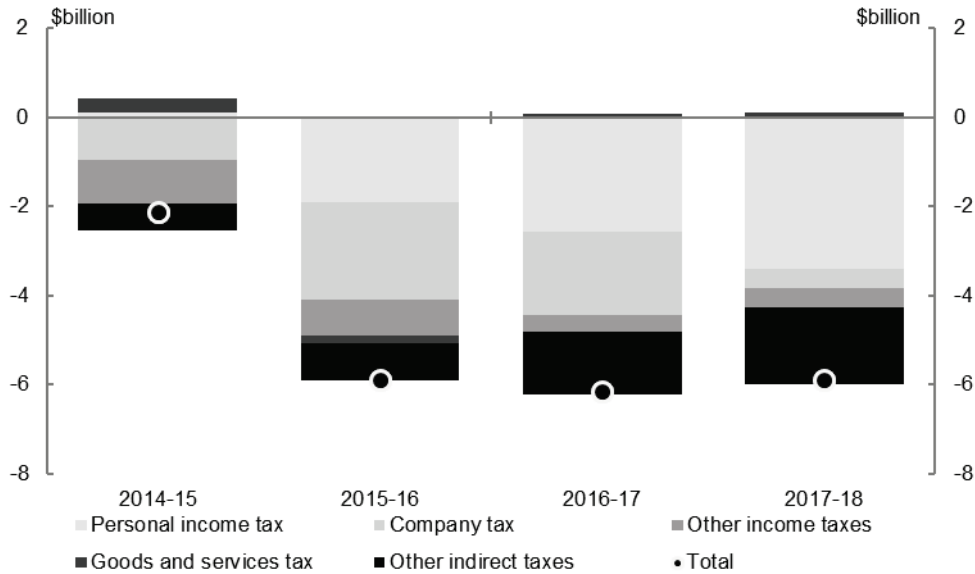
(d) Property income measures income derived from interest, rent and dividends.

na not applicable.

Statement 4: Revenue

Relative to the 2014-15 MYEFO, parameter and other variations have reduced tax receipts by \$2.1 billion in 2014-15, \$5.9 billion in 2015-16 and \$20.1 billion over the four years to 2017-18 (Chart 2). Excluding GST, parameter and other variations have reduced forecast tax receipts by \$2.4 billion in 2014-15, by around \$5.8 billion in 2015-16 and by around \$20.4 billion over the four years to 2017-18.

Chart 2: Parameter and other variations to tax receipts since the 2014-15 MYEFO



Source: Treasury.

In aggregate, tax receipts are expected to grow by 3.9 per cent in 2014-15 and 5.3 per cent in 2015-16. At a disaggregated level, different heads of revenue are expected to grow at different rates, with some expected to experience negative growth.

Individuals and other withholding taxation receipts

Gross income tax withholding (ITW) receipts are forecast to grow by 6.5 per cent in 2014-15 and 6.3 per cent in 2015-16. Relative to the 2014-15 MYEFO, more subdued wage growth has contributed to a downward revision to ITW receipts of around \$8.6 billion over the four years to 2017-18. This downward revision has been partly offset by new policy decisions, including the effect of the introduction of a cap for salary sacrificed meal entertainment and entertainment facility leasing expenses.

Gross receipts from other individuals (OI) are expected to grow by 8.1 per cent in 2014-15 and 8.5 per cent in 2015-16. Since the 2014-15 MYEFO, OI receipts are expected to be \$300 million higher in 2014-15 but \$2.4 billion lower over the four years to 2017-18. The upward revision in 2014-15 is a result of higher-than-expected collections in 2014-15. This has been more than offset by slightly weaker expected income growth, for example interest income, over the four years to 2017-18.

Income tax refunds for individuals, which have a negative effect on receipts, are expected to decrease by 0.4 per cent in 2014-15 and grow by 2.6 per cent in 2015-16. Relative to the 2014-15 MYEFO, forecast refunds are \$200 million lower (an increase in overall tax receipts) in 2014-15 and \$2.3 billion lower over the four years to 2017-18. This downward revision has been driven by lower-than-expected payouts for refunds in 2014-15, lower expected ITW receipts over the four years to 2017-18 and new policy decisions, including better targeting the Zone Tax Offset to exclude 'fly-in fly-out' and 'drive-in drive-out' workers and modernising the methods used for calculating work related car expense deductions.

Fringe benefits tax

Receipts from fringe benefits tax (FBT) are forecast to grow by 6.7 per cent in 2014-15 and 12.2 per cent in 2015-16. The expected growth rate in 2015-16 for FBT is driven by the Temporary Budget Repair Levy. Since the 2014-15 MYEFO, FBT receipts are unchanged in 2014-15 but are expected to be \$80 million lower over the four years to 2017-18. This downgrade to forecast FBT receipts reflects lower expected wage growth.

Company tax

Company tax receipts are forecast to grow by 1.1 per cent in 2014-15 and by 0.3 per cent in 2015-16. Compared to the 2014-15 MYEFO, forecast receipts are expected to be \$960 million lower in 2014-15 owing to lower-than-expected collections from mining companies, consistent with a lower iron ore price since the 2014-15 MYEFO. Over the four years to 2017-18, company tax receipts have been revised down by \$7.2 billion, reflecting lower expected corporate profitability including the impact of lower commodity prices on parts of the non-mining corporate sector. Company tax receipts have also been affected by the tax cut for small business companies and the more generous depreciation arrangements.

Superannuation fund taxes

Receipts from superannuation funds are expected to grow by 0.6 per cent in 2014-15 and 47.9 per cent in 2015-16. The large growth in receipts in 2015-16 is driven by large funds commencing monthly pay-as-you-go instalments as announced in the 2013-14 Budget and an expected continued recovery in capital gains tax receipts. Since the 2014-15 MYEFO, receipts are expected to be around \$900 million lower in 2014-15 and \$1.8 billion lower over the four years to 2017-18, reflecting the flow on effects of lower taxable income in 2013-14 and 2014-15 as well as lower expected net contributions owing to weaker wages. The downward revision to superannuation fund receipts in 2014-15 primarily reflects lower-than-expected collections attributable to higher-than-expected foreign exchange losses in the 2013-14 income year. There are no detrimental superannuation taxation measures in this Budget.

Statement 4: Revenue

Petroleum resource rent tax

Petroleum resource rent tax (PRRT) receipts are forecast to grow by 31.6 per cent in 2014-15 and decline by 19.4 per cent in 2015-16. Since the 2014-15 MYEFO, PRRT receipts are expected to be \$90 million lower in 2014-15 and \$790 million lower over the four years to 2017-18, consistent with lower expected oil prices.

Goods and services tax

Receipts from GST are forecast to grow by 5.6 per cent in 2014-15, underpinned by solid growth in private dwelling investment and property ownership transfer costs, and 5.6 per cent in 2015-16 in line with expected growth in consumption subject to GST. Since the 2014-15 MYEFO, GST receipts have been revised up \$1.6 billion over the four years to 2017-18, partly underpinned by the upward revision to the 2014-15 estimate owing to stronger-than-expected collections, as well as 2015-16 Budget measures including the extension of the GST compliance program and applying GST to digital products and services imported by consumers.

Excise and customs duty

Excise and customs duty receipts are forecast to decline by 4.3 per cent in 2014-15 and grow by 1.5 per cent in 2015-16. Excise and customs duty receipts have been revised down from the 2014-15 MYEFO by \$520 million in 2014-15 and \$4.5 billion over the four years to 2017-18.

Over the four years to 2017-18, receipts from fuel products (excluding crude oil) have been revised down, consistent with weaker forecast mining investment, economic activity and inflation. Crude oil excise has also been revised down, consistent with lower expected oil prices.

Lower forecasts for tobacco consumption have led to downward revisions to tobacco excise over the four years to 2017-18.

Other sales taxes

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

WET receipts are forecast to grow by 1.9 per cent in 2014-15 and 5.1 per cent in 2015-16. Since the 2014-15 MYEFO, forecast WET receipts have been revised down by 1.8 per cent, or \$60 million, over the four years to 2017-18, consistent with slightly lower expected prices.

LCT receipts are forecast to grow by 7.7 per cent in 2014-15 in line with stronger-than-expected sales of vehicles subject to LCT. Compared with the 2014-15 MYEFO, over the four years to 2017-18, LCT receipts have been revised up by \$240 million.

Non-taxation receipts

Non-taxation receipts (including Future Fund earnings) are expected to grow by 17.8 per cent in 2014-15 and grow by 7.7 per cent in 2015-16. This largely relates to proceeds from the sale of spectrum licences.

Non-taxation receipts have been revised up from the 2014-15 MYEFO by \$1.1 billion in 2015-16 and \$258 million over the four years to 2017-18. This primarily reflects lower than expected forecasts of royalties, offset by increases in other non-taxation receipts, including the \$1.5 billion of unspent funding from the Victorian Government in relation to the East West Link project required to be returned consistent with the obligations under relevant agreements with the Commonwealth.

The changes in the individual heads of revenue relative to the 2014-15 MYEFO are shown in Table 5 and Table 6 for 2014-15 and 2015-16 respectively.

Table 7 shows the Australian Government general government cash receipts from 2013-14 to 2018-19 by head of revenue.

Statement 4: Revenue

Table 5: Reconciliation of 2014-15 general government (cash) receipts

	Estimates		Change on MYEFO	
	MYEFO \$m	Budget \$m	\$m	%
Individuals and other withholding taxes				
Gross income tax withholding	166,700	166,300	-400	-0.2
Gross other individuals	37,300	37,600	300	0.8
<i>less: Refunds</i>	27,500	27,300	-200	-0.7
Total individuals and other withholding tax	176,500	176,600	100	0.1
Fringe benefits tax	4,350	4,350	0	0.0
Company tax	68,960	68,000	-960	-1.4
Superannuation fund taxes	7,040	6,140	-900	-12.8
Minerals resource rent tax(a)	60	60	0	0.0
Petroleum resource rent tax	1,890	1,800	-90	-4.8
Income taxation receipts	258,800	256,950	-1,850	-0.7
Goods and services tax	53,982	54,285	303	0.6
Wine equalisation tax	800	780	-20	-2.5
Luxury car tax	400	500	100	25.0
Excise and customs duty				
Petrol	5,950	6,000	50	0.8
Diesel	8,930	8,800	-130	-1.5
Other fuel products	3,260	2,960	-300	-9.2
Tobacco	8,310	8,280	-30	-0.4
Beer	2,410	2,340	-70	-2.9
Spirits	1,970	1,980	10	0.5
Other alcoholic beverages(b)	950	910	-40	-4.2
Other customs duty				
Textiles, clothing and footwear	590	650	60	10.2
Passenger motor vehicles	800	700	-100	-12.5
Other imports	1,570	1,600	30	1.9
<i>less: Refunds and drawbacks</i>	420	420	0	0.0
Total excise and customs duty	34,320	33,800	-520	-1.5
Carbon pricing mechanism	1,800	1,630	-170	-9.4
Agricultural levies	454	492	37	8.2
Other taxes	3,038	3,016	-23	-0.7
Indirect taxation receipts	94,794	94,502	-292	-0.3
Taxation receipts	353,594	351,452	-2,142	-0.6
Sales of goods and services	9,114	9,218	105	1.1
Interest received	3,469	3,131	-338	-9.7
Dividends	3,831	4,121	290	7.6
Other non-taxation receipts	9,475	9,386	-89	-0.9
Non-taxation receipts	25,889	25,856	-33	-0.1
Total receipts	379,483	377,309	-2,174	-0.6
<i>Memorandum:</i>				
<i>Total excise</i>	25,260	24,050	-1,210	-4.8
<i>Total customs duty</i>	9,060	9,750	690	7.6
<i>Capital gains tax(c)</i>	8,900	8,900	0	0.0
<i>Medicare and DisabilityCare Australia levy</i>	14,130	14,050	-80	-0.6

(a) Net receipts from the MRRT are expected to be \$40 million in 2014-15 which represents the net receipts impact across different revenue heads. This includes the offsetting reductions in company tax (through deductibility) and interactions with other taxes. The MRRT will not apply beyond 30 September 2014.

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

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

Table 6: Reconciliation of 2015-16 general government (cash) receipts

	Estimates		Change on MYEFO	
	MYEFO	Budget	Change on MYEFO	%
	\$m	\$m		
Individuals and other withholding taxes				
Gross income tax withholding	178,800	176,800	-2,000	-1.1
Gross other individuals	41,100	40,800	-300	-0.7
less: Refunds	28,100	28,000	-100	-0.4
Total individuals and other withholding tax	191,800	189,600	-2,200	-1.1
Fringe benefits tax	4,890	4,880	-10	-0.2
Company tax	70,800	68,200	-2,600	-3.7
Superannuation fund taxes	9,630	9,080	-550	-5.7
Minerals resource rent tax(a)	0	0	0	0.0
Petroleum resource rent tax	1,700	1,450	-250	-14.7
Income taxation receipts	278,820	273,210	-5,610	-2.0
Goods and services tax	57,468	57,316	-153	-0.3
Wine equalisation tax	830	820	-10	-1.2
Luxury car tax	360	450	90	25.0
Excise and customs duty				
Petrol	6,150	6,100	-50	-0.8
Diesel	9,340	9,110	-230	-2.5
Other fuel products	3,150	2,840	-310	-9.8
Tobacco	9,560	9,370	-190	-2.0
Beer	2,470	2,390	-80	-3.2
Spirits	2,030	2,030	0	0.0
Other alcoholic beverages(b)	990	960	-30	-3.0
Other customs duty				
Textiles, clothing and footwear	310	380	70	22.6
Passenger motor vehicles	520	420	-100	-19.2
Other imports	1,070	1,120	50	4.7
less: Refunds and drawbacks	420	420	0	0.0
Total excise and customs duty	35,170	34,300	-870	-2.5
Carbon pricing mechanism	0	0	0	0.0
Agricultural levies	478	472	-6	-1.3
Other taxes	3,477	3,573	96	2.8
Indirect taxation receipts	97,784	96,930	-853	-0.9
Taxation receipts	376,604	370,140	-6,463	-1.7
Sales of goods and services	9,202	9,475	274	3.0
Interest received	4,022	3,334	-688	-17.1
Dividends	3,407	4,623	1,216	35.7
Other non-taxation receipts	10,128	10,407	279	2.8
Non-taxation receipts	26,759	27,840	1,081	4.0
Total receipts	403,362	397,980	-5,382	-1.3
<i>Memorandum:</i>				
<i>Total excise</i>	26,860	24,820	-2,040	-7.6
<i>Total customs duty</i>	8,310	9,480	1,170	14.1
<i>Capital gains tax(c)</i>	11,300	11,500	200	1.8
<i>Medicare and DisabilityCare Australia levy</i>	15,040	14,870	-170	-1.1

(a) The MRRT will not apply beyond 30 September 2014.

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

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

Statement 4: Revenue

Table 7: Australian Government general government (cash) receipts

	Actual		Estimates		Projections	
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
	\$m	\$m	\$m	\$m	\$m	\$m
Individuals and other withholding taxes						
Gross income tax withholding	156,211	166,300	176,800	187,600	199,600	213,800
Gross other individuals	34,787	37,600	40,800	43,900	48,000	52,600
less: Refunds	27,407	27,300	28,000	28,400	30,000	31,600
Total individuals and other withholding tax	163,592	176,600	189,600	203,100	217,600	234,800
Fringe benefits tax	4,077	4,350	4,880	5,090	4,920	5,160
Company tax	67,273	68,000	68,200	73,800	80,200	86,200
Superannuation fund taxes	6,101	6,140	9,080	10,530	11,210	11,760
Minerals resource rent tax(a)	143	60	0	0	0	0
Petroleum resource rent tax	1,368	1,800	1,450	1,450	1,400	1,400
Income taxation receipts	242,553	256,950	273,210	293,970	315,330	339,320
Goods and services tax	51,394	54,285	57,316	61,231	64,803	68,520
Wine equalisation tax	766	780	820	850	890	940
Luxury car tax	464	500	450	400	410	420
Excise and customs duty						
Petrol	6,053	6,000	6,100	6,250	6,600	7,000
Diesel	8,940	8,800	9,110	9,520	9,930	10,490
Other fuel products	3,624	2,960	2,840	2,840	2,930	3,050
Tobacco	8,498	8,280	9,370	10,180	10,410	10,720
Beer	2,348	2,340	2,390	2,500	2,640	2,770
Spirits	1,909	1,980	2,030	2,140	2,240	2,370
Other alcoholic beverages(b)	927	910	960	1,000	1,050	1,130
Other customs duty						
Textiles, clothing and footwear	789	650	380	290	210	180
Passenger motor vehicles	921	700	420	400	400	450
Other imports	1,631	1,600	1,120	1,010	990	1,090
less: Refunds and drawbacks	319	420	420	420	420	420
Total excise and customs duty	35,321	33,800	34,300	35,710	36,980	38,830
Carbon pricing mechanism	4,363	1,630	0	0	0	0
Agricultural levies	495	492	472	480	488	494
Other taxes	3,012	3,016	3,573	3,781	3,861	3,945
Indirect taxation receipts	95,815	94,502	96,930	102,452	107,432	113,149
Taxation receipts	338,368	351,452	370,140	396,422	422,762	452,469
Sales of goods and services	8,579	9,218	9,475	11,735	16,274	20,008
Interest received	3,128	3,131	3,334	3,537	3,692	4,069
Dividends	2,978	4,121	4,623	3,305	3,745	4,054
Other non-taxation receipts	7,268	9,386	10,407	7,463	7,122	7,632
Non-taxation receipts	21,954	25,856	27,840	26,040	30,833	35,764
Total receipts	360,322	377,309	397,980	422,461	453,595	488,233
<i>Memorandum:</i>						
Total excise	26,075	24,050	24,820	25,880	27,000	28,380
Total customs duty	9,246	9,750	9,480	9,830	9,980	10,450
Capital gains tax(c)	7,200	8,900	11,500	13,900	15,900	17,400
Medicare and DisabilityCare Australia levy	10,500	14,050	14,870	15,570	16,290	17,100

(a) Net receipts from the MRRT are expected to be \$40 million in 2014-15 which represents the net receipt impact across different revenue heads. This includes the offsetting reductions in company tax (through deductibility) and interactions with other taxes. The MRRT will not apply beyond 30 September 2014.

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

(c) Capital gains tax is part of gross other individuals, company tax and superannuation fund taxes. The 2013-14 reported figure is an estimate.

VARIATIONS IN REVENUE ESTIMATES

The revenue estimates are the accrual accounting equivalent of the cash-based receipts estimates. Changes in revenue are generally driven by the same factors – policy as well as parameter and other variations – as receipts. The timing of revenue and receipts estimates may vary. Table 8 provides a reconciliation of the Budget’s revenue estimates with those at the 2014-15 MYEFO.

Table 8: Reconciliation of total Australian Government general government revenue estimates from the 2014-15 MYEFO

	Estimates			Projections	Total
	2014-15	2015-16	2016-17	2017-18	
	\$m	\$m	\$m	\$m	\$m
Revenue at 2014-15 MYEFO	385,876	411,682	441,036	473,174	1,711,769
Per cent of GDP	24.0	24.5	25.0	25.5	
Changes from 2014-15 MYEFO to 2015-16 Budget					
Effect of policy decisions(a)	45	-162	39	463	385
Effect of parameter and other variations	-1,823	-6,170	-7,649	-7,459	-23,101
Total variations	-1,778	-6,332	-7,610	-6,996	-22,716
Revenue at 2015-16 Budget	384,098	405,350	433,427	466,178	1,689,053

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

Since the 2014-15 MYEFO, total revenue has been revised down by around \$1.8 billion in 2014-15 and \$22.7 billion over the four years to 2017-18. The factors affecting revisions to tax receipts are also at play with regards to revenue.

The changes to individual heads of revenue accrual estimates since the 2014-15 MYEFO are shown in Tables 9 and 10. For the five year accrual table, the accrual equivalent of Table 7, see Budget Statement 9, Note 3.

Revenue and receipts historical tables that have previously been published in Appendix C of Budget Statement 5 are now available online and can be accessed at www.budget.gov.au.

Statement 4: Revenue

Table 9: Reconciliation of 2014-15 general government (accrual) revenue

	Estimates		Change on MYEFO	
	MYEFO \$m	Budget \$m	\$m	%
Individuals and other withholding taxes				
Gross income tax withholding	168,430	167,860	-570	-0.3
Gross other individuals	40,470	40,600	130	0.3
less: Refunds	27,500	27,300	-200	-0.7
Total individuals and other withholding tax	181,400	181,160	-240	-0.1
Fringe benefits tax	4,480	4,480	0	0.0
Company tax	70,930	69,900	-1,030	-1.5
Superannuation fund taxes	7,130	6,200	-930	-13.0
Minerals resource rent tax(a)	60	60	0	0.0
Petroleum resource rent tax	1,770	1,640	-130	-7.3
Income taxation revenue	265,770	263,440	-2,330	-0.9
Goods and services tax	56,820	56,690	-130	-0.2
Wine equalisation tax	810	820	10	1.2
Luxury car tax	400	510	110	27.5
Excise and customs duty				
Petrol	5,970	6,020	50	0.8
Diesel	8,960	8,830	-130	-1.5
Other fuel products	3,280	2,980	-300	-9.1
Tobacco	8,320	8,290	-30	-0.4
Beer	2,430	2,350	-80	-3.3
Spirits	1,970	1,980	10	0.5
Other alcoholic beverages(b)	950	910	-40	-4.2
Other customs duty				
Textiles, clothing and footwear	590	650	60	10.2
Passenger motor vehicles	800	700	-100	-12.5
Other imports	1,570	1,600	30	1.9
less: Refunds and drawbacks	420	420	0	0.0
Total excise and customs duty	34,420	33,890	-530	-1.5
Carbon pricing mechanism	0	0	0	0.0
Agricultural levies	454	492	37	8.2
Other taxes	3,285	3,275	-10	-0.3
Indirect taxation revenue	96,190	95,677	-513	-0.5
Taxation revenue	361,959	359,117	-2,843	-0.8
Sales of goods and services	9,190	9,277	87	0.9
Interest	3,987	3,653	-334	-8.4
Dividends	3,396	4,796	1,401	41.2
Other non-taxation revenue	7,344	7,255	-89	-1.2
Non-taxation revenue	23,917	24,981	1,064	4.5
Total revenue	385,876	384,098	-1,778	-0.5
<i>Memorandum:</i>				
Total excise	25,360	24,140	-1,220	-4.8
Total customs duty	9,060	9,750	690	7.6
Capital gains tax(c)	8,900	8,900	0	0.0
Medicare and DisabilityCare Australia levy	14,130	14,050	-80	-0.6

(a) Net revenue from the MRRT is expected to be \$40 million in 2014-15 which represents the net revenue impact across different revenue heads. This includes the offsetting reductions in company tax (through deductibility) and interactions with other taxes. The MRRT will not apply beyond 30 September 2014.

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

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

Table 10: Reconciliation of 2015-16 general government (accrual) revenue

	Estimates		Change on MYEFO	
	MYEFO \$m	Budget \$m	\$m	%
Individuals and other withholding taxes				
Gross income tax withholding	180,660	178,460	-2,200	-1.2
Gross other individuals	44,550	43,800	-750	-1.7
<i>less: Refunds</i>	28,100	28,000	-100	-0.4
Total individuals and other withholding tax	197,110	194,260	-2,850	-1.4
Fringe benefits tax	5,030	5,020	-10	-0.2
Company tax	72,500	69,800	-2,700	-3.7
Superannuation fund taxes	9,760	9,180	-580	-5.9
Minerals resource rent tax(a)	0	0	0	0.0
Petroleum resource rent tax	1,700	1,420	-280	-16.5
Income taxation revenue	286,100	279,680	-6,420	-2.2
Goods and services tax	60,390	60,330	-60	-0.1
Wine equalisation tax	840	840	0	0.0
Luxury car tax	360	450	90	25.0
Excise and customs duty				
Petrol	6,200	6,130	-70	-1.1
Diesel	9,370	9,140	-230	-2.5
Other fuel products	3,170	2,850	-320	-10.1
Tobacco	9,580	9,390	-190	-2.0
Beer	2,480	2,400	-80	-3.2
Spirits	2,030	2,030	0	0.0
Other alcoholic beverages(b)	990	960	-30	-3.0
Other customs duty				
Textiles, clothing and footwear	310	380	70	22.6
Passenger motor vehicles	520	420	-100	-19.2
Other imports	1,070	1,120	50	4.7
<i>less: Refunds and drawbacks</i>	420	420	0	0.0
Total excise and customs duty	35,300	34,400	-900	-2.5
Carbon pricing mechanism	0	0	0	0.0
Agricultural levies	478	472	-6	-1.3
Other taxes	3,781	3,902	121	3.2
Indirect taxation revenue	101,149	100,394	-755	-0.7
Taxation revenue	387,249	380,074	-7,175	-1.9
Sales of goods and services	9,258	9,542	284	3.1
Interest	4,672	4,083	-589	-12.6
Dividends	3,170	3,143	-27	-0.9
Other non-taxation revenue	7,333	8,508	1,175	16.0
Non-taxation revenue	24,433	25,276	843	3.5
Total revenue	411,682	405,350	-6,332	-1.5
<i>Memorandum:</i>				
<i>Total excise</i>	26,990	24,920	-2,070	-7.7
<i>Total customs duty</i>	8,310	9,480	1,170	14.1
<i>Capital gains tax(c)</i>	11,300	11,500	200	1.8
<i>Medicare and DisabilityCare Australia levy</i>	15,040	14,870	-170	-1.1

(a) The MRRT will not apply beyond 30 September 2014.

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

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

APPENDIX A: TAX EXPENDITURES

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

The CBHA also requires the publication of an annual Tax Expenditures Statement (TES). The 2014 TES was published in January 2015 and provides a detailed description of Australian Government tax expenditures and, where possible, the estimated value or order of magnitude of each tax expenditure.

- A tax expenditure arises where the actual tax treatment of an activity or class of taxpayer differs from the benchmark tax treatment. The choice of benchmark unavoidably involves judgment and may therefore be contentious in some cases. This choice should not be interpreted as indicating a view on how an activity or class of taxpayer ought to be taxed.

Consistent with most OECD countries, estimates of the size of tax expenditures in the TES reflect the existing utilisation of a tax expenditure, similar to Budget estimates of outlays on demand-driven expenditure programmes.

- This is known as the ‘revenue forgone’ approach which, in practice, involves estimating the difference in revenue between the existing and benchmark tax treatments but importantly assuming taxpayer behaviour is the same in each circumstance.

Revenue forgone estimates therefore do not indicate the revenue loss to the Australian Government budget if specific tax expenditures were abolished, as there may be significant changes in taxpayer behaviour were tax expenditures to be removed.

Care needs to be taken when comparing tax expenditures with direct expenditures as they may, for example, measure different things. In addition, estimates from different editions of the TES are generally not comparable because benchmarks may have changed.

The information in Table A1 is derived from the 2014 TES and does not include the impact of decisions in this Budget on tax expenditures. Further information on tax expenditures is available in the 2014 TES.

Table A1: Estimates of large measured tax expenditures

Tax expenditure		Estimate \$m			
		2015-16	2016-17	2017-18	2018-19
Large positive tax expenditures					
E6	Capital gains tax main residence exemption — discount component	25,500	25,500	26,000	26,500
E5	Capital gains tax main residence exemption	20,500	21,000	21,500	22,000
C3	Concessional taxation of employer superannuation contributions	17,350	18,100	19,050	20,150
C6	Concessional taxation of superannuation entity earnings	16,150	21,600	26,800	30,400
H28	GST - Food	6,700	7,000	7,300	7,600
E11	Capital gains tax discount for individuals and trusts	6,150	6,840	7,600	8,570
H16	GST - Education	4,300	4,700	5,150	5,600
H2	GST - Financial supplies - input taxed treatment	3,750	3,950	4,150	4,350
H19	GST - Health - medical and health services	3,800	4,100	4,400	4,700
C5	Concessional taxation of non-superannuation termination benefits	1,950	1,900	1,900	1,850
A38	Exemption of Family Tax Benefit payments	2,170	2,110	2,040	2,100
B73	Statutory effective life caps	1,930	1,850	1,745	1,650
B14	Exemption from interest withholding tax on certain securities	1,860	1,860	1,860	1,860
A19	Medicare levy exemption for residents with taxable income below the low-income thresholds	1,860	1,930	2,000	2,070
A17	Exemption of the Private Health Insurance Rebate	1,690	1,760	1,850	1,940
D10	Exemption for public and not-for-profit hospitals and public ambulance services	1,500	1,600	1,700	1,800
D14	Exemption for public benevolent institutions (excluding public and not-for-profit hospitals)	1,430	1,510	1,580	1,660
F8	Concessional rate of excise levied on aviation gasoline and aviation turbine fuel	1,310	1,400	1,500	1,580
H20	GST - Health - residential care, community care and other care services	1,190	1,270	1,360	1,460
A54	Philanthropy - deduction for gifts to deductible gift recipients	1,140	1,170	1,190	1,220
H5	GST - Child care services	1,220	1,340	1,470	1,600
B80	Research and development - non-refundable tax offset	980	960	980	980
H6	GST - Water, sewerage and drainage	1,170	1,290	1,430	1,590
B75	Capital works expenditure deduction	1,005	1,055	1,110	1,160
H3	GST - Financial supplies - reduced input tax credits	940	990	1,050	1,100
Large negative tax expenditures					
F24	Customs duty	-1,490	-1,250	-1,230	-1,210
F12	Higher rate of excise levied on cigarettes not exceeding 0.8 grams of tobacco	-2,195	-2,555	-2,690	-2,790

