TAX EXPENDITURES

This attachment 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 programs. For this reason, and noting their direct impact on the fiscal balance, these concessions are generally called 'tax expenditures'.

Table 3.19 contains estimates of aggregate tax expenditures for the period from 2005-06 to 2012-13. These estimates are consistent with tax expenditure data reported in the *2008 Tax Expenditures Statement*. Changes in GDP forecasts are reflected in the revised estimates of tax expenditures as a proportion of GDP.

Table 3.19: Aggregate tax expenditures 2005-06 to 2012-13

Year	Superannuation $m	Other tax expenditures $m	Total $m	Tax expenditure as a proportion of GDP (%)
2005-06 (est)	22,885	36,154	59,039	6.1
2006-07 (est)	30,379	40,548	70,927	6.8
2007-08 (est)	29,230	44,466	73,696	6.5
2008-09 (proj)	24,593	42,848	67,441	5.6
2009-10 (proj)	24,943	43,313	68,256	5.6
2010-11 (proj)	26,922	45,971	72,893	5.7
2011-12 (proj)	29,456	49,792	79,248	5.8
2012-13 (proj)	30,751	52,836	83,587	5.8

Updated tax expenditure estimates will be published in the *2009 Tax Expenditures Statement*. This will include estimates for any new, revised or modified tax expenditures since the *2008 Tax Expenditures Statement*.

Care needs to be taken when analysing tax expenditure data: see Section 2.1 of the *2008 Tax Expenditures Statement* for a detailed discussion.