STATEMENT 5: REVENUE

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

Since the 2009-10 Budget, taxation receipts have been revised up by around $100 billion (or 7 per cent of total taxes) over the five years 2008-09 to 2012-13 as the Australian economy has begun its recovery from the downturn. This includes around $60 billion of upward revisions since the *Mid-Year Economic and Fiscal Outlook 2009-10* (MYEFO). Despite upward revisions since the 2009-10 Budget, in total, revisions still result in tax receipts over the five years being around $110 billion lower than anticipated at the 2008-09 Budget.

Receipts for 2009-10 are expected to be in line with both the 2009-10 Budget and the 2009-10 MYEFO.

STATEMENT 5: REVENUE

OVERVIEW

Total revenue has been revised upwards in 2010-11 and across the forward estimates relative to the *Mid-Year Economic and Fiscal Outlook 2009-10* (2009-10 MYEFO). The higher revenue reflects the significant improvement in prospects as the economic recovery in Australia gathers pace, including the effect of resurgent commodity prices.

Revenue in 2009-10 continues to unfold broadly in line with expectations at both the 2009-10 Budget and 2009-10 MYEFO. Lags in the tax system mean that improvements in the economy are not expected to flow immediately into revenue.

A summary of the revenue estimates and projections is provided in Table 1.

Table 1: Australian Government general government revenue

	Actual	Estimates			Projections	
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Total taxation revenue ($b)	**278.7**	**269.5**	**302.5**	**336.4**	**361.9**	**386.4**
Growth on previous year (%)	-2.6	-3.3	12.2	11.2	7.6	6.8
Per cent of GDP	22.1	20.8	21.5	22.6	23.1	23.3
Non-taxation revenue ($b)	**20.3**	**24.7**	**19.4**	**20.0**	**20.0**	**20.8**
Growth on previous year (%)	16.0	21.7	-21.6	3.2	0.1	4.0
Per cent of GDP	1.6	1.9	1.4	1.3	1.3	1.3
Total revenue ($b)	**298.9**	**294.2**	**321.8**	**356.4**	**381.9**	**407.2**
Growth on previous year (%)	-1.6	-1.6	9.4	10.7	7.2	6.6
Per cent of GDP	23.7	22.7	22.9	24.0	24.3	24.6

GOVERNMENT REVENUE DURING THE RECOVERY

The unfolding global financial crisis and subsequent onset of global recession in the latter half of 2008 and into 2009 led to a sharp fall in Government receipts. Initially felt in Australia through sharp falls in both equity and commodity prices, its adverse impact on Australia's economy quickly affected a broad range of expenditure and income taxes.

As a consequence, by the time of the 2009-10 Budget, total receipts for the five years from 2008-09 to 2012-13 had been revised down by around $210 billion since the 2008-09 Budget. While all revenue heads were affected, around two-thirds of the total downward revisions were in company and capital gains taxes (Box 1).

'Automatic stabiliser' features of the tax system were reflected in receipts being revised down by a larger proportion than GDP during the downturn. These features include the progressive nature of personal income tax, as well as company and capital gains tax whose bases — profits and asset prices respectively — fluctuate more than GDP over the economic cycle. At the 2009-10 Budget, total nominal GDP in 2008-09 and 2009-10 was expected to decline from the 2008-09 Budget forecasts by around 6 per cent, while tax receipts were expected to decline by around 12 per cent. This was a sharper and earlier fall in tax receipts than in earlier cycles — and reflected the view that changes to the tax system had, in effect, allowed for a closer alignment of the automatic stabilisers with the change in economic circumstances (see page 5-13 of 2009-10 Budget Paper Number 1).

Since the 2009-10 Budget, the economic outlook has improved significantly. Assisted by the Government's fiscal stimulus measures, the Australian economy has emerged from the global recession-induced downturn both faster and stronger than was originally expected. Company profitability has risen and labour market outcomes have been better than expected. Share prices have increased steadily since hitting lows in the March quarter of 2009. A sharp resurgence in commodity prices has seen short-term prospects for stronger terms of trade and nominal GDP further enhanced.

Against such a marked improvement in the economic outlook, attention has focused on the extent and timing of the related recovery in taxation receipts and expectations of an early and strong surge in receipts. Such a recovery in taxation receipts is clearly in prospect, but has not been seen in revenue collections (excepting GST) in 2009-10 to date.

This is not unexpected. It reflects the operation of several different factors, many of which were foreshadowed in the 2009-10 Budget and the 2009-10 MYEFO.

The most important of these are features of the company tax system that have the effect of lowering company tax payments in the early stages of any recovery. In the first instance, there will be delays between when the income is earned and tax paid. This effect can last for several years. In addition, the inherent lags in the company tax instalment system can generate lower collections for up to two years following a downturn (see Box 1 on page 51 of the 2009-10 MYEFO). Finally, companies accumulate losses during downturns that can then be used to offset future tax liabilities when the economy recovers.

A further factor is capital gains tax collections. Despite recent rises, share prices remain well below levels seen prior to the global recession — as at the end of April, the ASX200 index was around 4,750, compared to its peak of around 6,800 during 2007. This is keeping capital gains tax collections relatively low.

Less predictable were developments in the labour market. While unemployment did not rise by as much as feared in 2009-10, this was tempered by individuals' hours worked, on average, being less than anticipated (and hence, too, their average tax rates). As a result, tax withheld from wages did not improve as much as might have been expected from the lower unemployment outcomes.

Box 1: Evolution of revenue through the economic cycle

The recent economic downturn and recovery graphically illustrate how the tax system responds to economic fluctuations (Chart A).

Share price falls in late 2007 were reflected in revenues through tax returns lodged during 2008-09. However, revenue from companies operating on a calendar year basis was affected by June 2008, decreasing growth in capital gains tax (CGT) in 2007-08. The weakness in financial markets translated into a weaker economy, including weaker consumption, in 2008-09 generating an unprecedented fall in GST — the second sign of the downturn through the tax system.

Businesses initially absorbed decreased turnover into their own profits, generating large falls in company tax, mainly in 2009-10, owing to lags in the tax collection system. Finally, businesses began to shed labour through a combination of retrenchments and reductions in hours during 2009. The impacts were immediately seen in a slowdown in growth in payments of income tax withholding (ITW).

Chart A: Growth in receipts from selected heads of revenue and CGT

Source: Treasury estimates.

As the economy recovers, growth rates in these heads of revenue have also recovered or are expected to recover in the near future. Supported by stimulus measures, household consumption rebounded, hence GST growth has recovered. As the labour market continues to improve and the hours worked by individuals rise, ITW growth is expected to strengthen. Rising household wealth and improving business profitability will translate through to higher CGT and company taxes. However, lags in the tax system mean rebounds in these taxes are not expected until 2010-11.

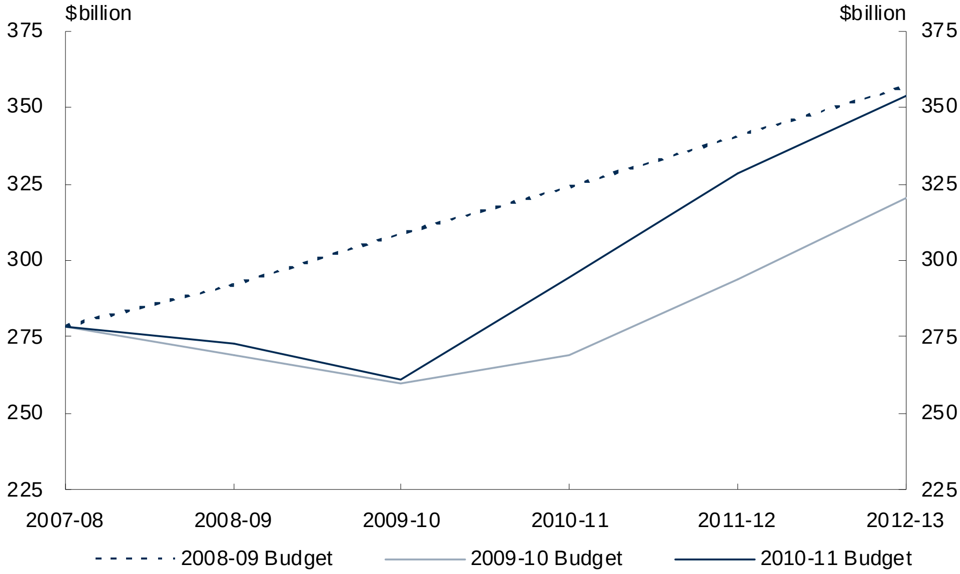
GST receipts fell sharply in the first half of the year (Box 2). However, with consumption initially buoyed by stimulus packages and the substantial monetary policy relaxation, GST receipts are now growing strongly, and current estimates have them growing at 7.9 per cent in 2009-10.

As a result, our most recent estimates for total revenues in 2009-10 remain broadly in line with expectations over most of the past year.

OUTLOOK FOR REVENUE

The stronger economic outlook begins to flow into stronger receipts from 2010-11, and increasingly so in 2011-12 and later years, as the automatic stabilisers begin to reverse their influence. Indeed, for the same five-year period (2008-09 to 2012-13) which saw downward revisions to taxation receipts of $210 billion in the 2009-10 Budget, upward revisions over the past year — between the 2009-10 and 2010-11 Budgets — have added back around $100 billion (excluding policy decisions), almost entirely in the 2010-11 to 2012-13 period (Chart 1). Notably, the recovery in GST receipts accounts for around $16 billion of this.

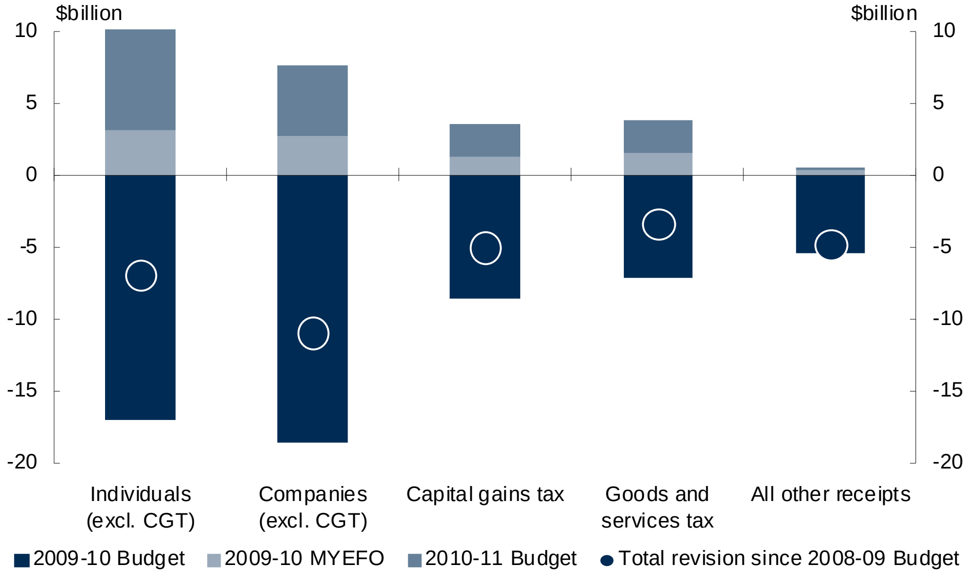
Chart 1: Revisions to taxation receipts over forward estimates since the 2008-09 Budget



Source: Treasury estimates.

In 2010-11, receipts have been revised upwards by $17 billion since 2009-10 MYEFO and by $25 billion since the 2009-10 Budget, even though they remain around $30 billion (excluding policy decisions) below the 2008-09 Budget forecasts (Chart 2). As noted, the stronger economic outlook, including a more buoyant labour market and strong commodity prices, is a key factor behind the upward revisions. The current forecasts for 2010-11 have built in a slightly faster recovery in tax receipts.

Chart 2: Revisions to receipts in 2010-11 since the 2008-09 Budget



Source: Treasury estimates.

The improvement in the domestic economy is most evident in stronger-than-expected labour market conditions, along with a solid recovery in household wealth reflecting increases in asset prices. The fall in average hours seen in 2009 has begun to unwind, and this can be expected to continue in 2010-11 and beyond. Consequently, individuals' income taxes and GST are expected to grow significantly from 2010-11 onwards.

Similarly, the renewed demand for resources has led to an improved outlook for the terms of trade from 2010-11. As the increase in commodity prices translates into company profits, this is expected to have a positive impact on company tax collections from 2010-11.

Despite the significantly stronger economic outcomes relative to the 2009-10 Budget, and the role expected to be played by the stronger economy going forward, there are factors that will continue to exert a dampening effect into 2010-11 and, in some cases, in 2011-12 and beyond. In other cases, the improved conditions will take some time to be fully transmitted into revenues.

Company taxation estimates, in particular, will continue to be affected by the delay between income earned and tax paid, by the lags in the company tax instalment system and, finally, by the utilisation of losses incurred during the downturn to offset future profits. These are expected to subdue growth in company tax receipts not just in 2010-11 but over the entire forward estimates period (Box 3).

Box 2: GST revenue

From its introduction in July 2000 up until the global economic recession, GST receipts rose steadily with nominal GDP, adding to the revenue base. This changed during the global financial crisis. As Chart A shows, GST was hit much harder than nominal GDP during the global crisis, but has since bounced back earlier than GDP.

Chart A: Growth in nominal GDP and GST receipts

Source: ABS, Treasury estimates.

In general, the responsiveness of a tax to economic activity hinges on what is included in the tax base. Because consumers use discretionary spending to smooth consumption when income drops dramatically, a GST that has a relatively high discretionary component to its base — such as where basic food and health spending is exempt — will fall further than the base during economic downturns. For similar reasons, however, such a tax base is more likely to generate stronger revenue growth during the recovery.

Capital gains tax is similarly affected by the timing of tax payments and utilisation of losses to offset future profits and its recovery is also expected to be somewhat delayed. The impact of these losses can be expected to be largely dissipated by the end of the forward estimates period.

After reaching a trough in the March quarter 2009, share prices have recovered solidly, resulting in a less severe fall in capital gains tax than was predicted. House prices did not fall very far during the downturn, with the support of the First Home Owners Boost (particularly at the lower end of the market) throughout 2009.

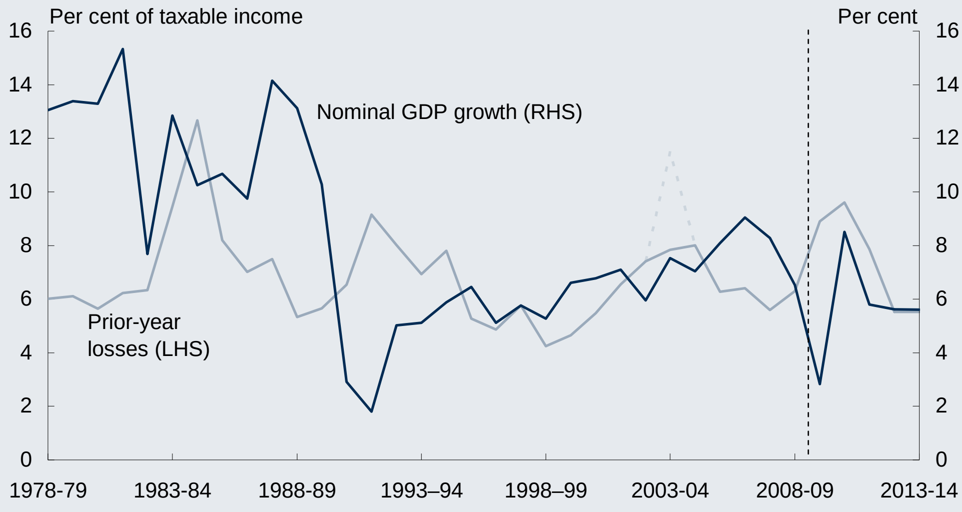
Box 3: Carried-forward company losses

Company tax losses incurred in a given year can be used to offset profits made in subsequent years. This suppresses company tax collections for several years after the economy recovers from a period of weakness.

Company losses have been increasing since the share market falls of late 2007, and are expected to have peaked during 2009. These will be used to reduce taxable income from 2009-10. As a company returns to profit, a prior year's loss will appear in tax assessments the following year, but will not affect revenue until the balancing payment is due in the year following the tax assessment year. This delay forms a significant part of the general lag between profits and revenue. For example, losses incurred during the 2008-09 income year will be recouped in 2009-10 income year tax returns; these returns are submitted after the end of the income year, so will result in lower company balancing payments during 2010-11.

Losses recouped by companies since 1978-79 are shown in Chart A. Because of the few historical precedents for losses behaviour (which are all influenced by the tax systems in place at the time), the exact size and trajectory of the recouped losses over the forward estimates are highly uncertain. Prior-year losses were recouped very quickly in 1983-84 due to the prevailing high inflation — this behaviour is not expected to be repeated. Rather, over the forward estimates, company losses recouped are forecast to follow a pattern similar to the protracted losses recoupment of the early 1990s, although the magnitude will be smaller.

Chart A: Prior-year losses recouped by companies (income-year basis)[(a)]



(a) A significant loss by AMP of $5.5 billion, largely due to its demerger, has been removed in 2003 to better reflect the trend of prior-year losses recouped over the period. AMP 2003 concise annual report available from http://shareholdercentre.amp.com.au.

Source: ATO Taxation Statistics 2007-08.

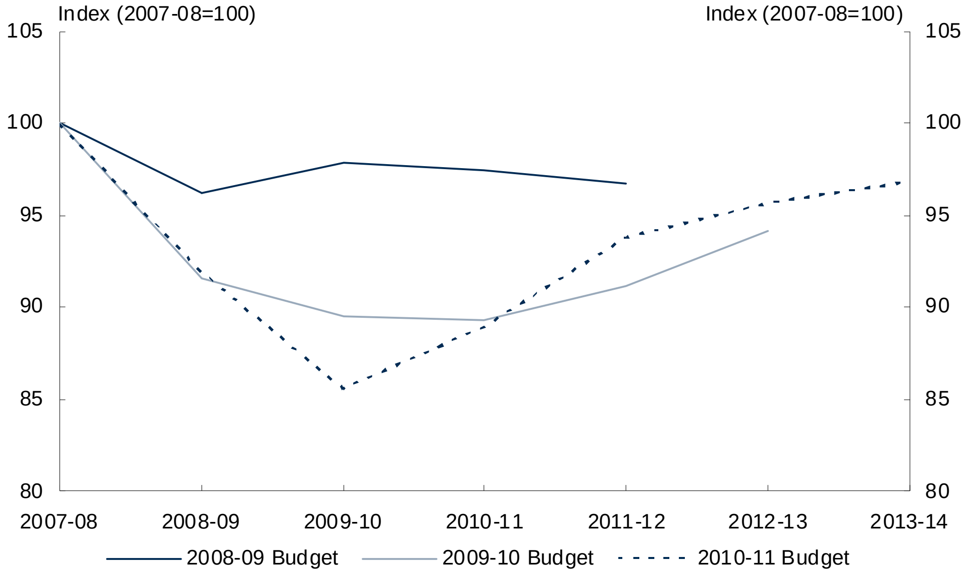
However, the impact on capital gains taxes associated with investment property prices is not expected to be reflected for a number of years as accumulated capital losses accrued during the downturn are used to offset capital gains during the ongoing recovery of asset prices.

With buoyant labour markets, increased household wealth, and a strong terms of trade, and as the temporary effects of losses wash through the system, healthy revenue growth is in prospect in the later years of the forward estimates. This is consistent with, and indeed was explicitly allowed for in, the Government's fiscal strategy, which allows the level of tax receipts to recover naturally as the economy improves.

Despite these promising signs, there are good reasons to keep prospective revenue gains in perspective.

The recent revisions to the economic forecasts have the nominal economy back to levels projected in the 2008-09 Budget (preceding the global financial crisis) over the forward estimates. In contrast, in addition to the $67 billion in receipts 'lost' in 2008-09 and 2009-10, revenues in 2011-12 will remain somewhat below what had been predicted back in 2008-09 (Box 4). Therefore, even with the recovery in the economy, which is expected to return to levels forecast in the 2008-09 Budget during the forward estimates, less than half (or around $100 billion) of the taxation receipts downgrades at the 2009-10 Budget have been recouped. Similarly, the tax-to-GDP ratio is not expected to return to a level around that forecast at the 2008-09 Budget until 2012-13 (Chart 3).

Chart 3: Tax-to-GDP ratio[a]



(a) Conceptual changes to the measurement of GDP in late 2009 makes comparing tax-to-GDP ratios since the 2008-09 Budget problematic. Indexing the ratios partially abstracts from the changes.
Source: Treasury estimates.

Box 4: Revisions to nominal GDP and tax receipts since the 2008-09 Budget

Since the 2008-09 Budget, significant revisions have been made to the forecasts for both nominal GDP and total tax receipts — between the 2008-09 and 2009-10 Budgets, receipts were revised down by $210 billion. The 'automatic stabiliser' properties of the tax system — the progressive personal income tax, and the bases of company and capital gains tax that rely on profits and asset prices that change much faster than GDP over the economic cycle — meant that a larger fall was predicted for receipts than GDP during the downturn.

Although nominal GDP is expected to recover to the levels forecast at the 2008-09 Budget during the forward estimates (Chart A), receipts are expected to take longer to recover, nearly returning to the levels forecast at the 2008-09 Budget by 2012-13 (Chart B). The receipt losses are comparatively greater than the GDP losses due in part to the following factors:

- asset price falls, which are not directly related to GDP, have generated large capital gains tax losses;
- changes to the composition of consumption, from taxed to untaxed components, generated a comparatively large fall in GST revenue;
- changes to the composition of income, from relatively high-taxed (profits) to low-taxed (wages), have generated a relatively large fall in income tax revenue; and
- lags in the tax system, which mean that the effects of the downturn are felt for several years afterwards.

Chart A: Nominal GDP revisions

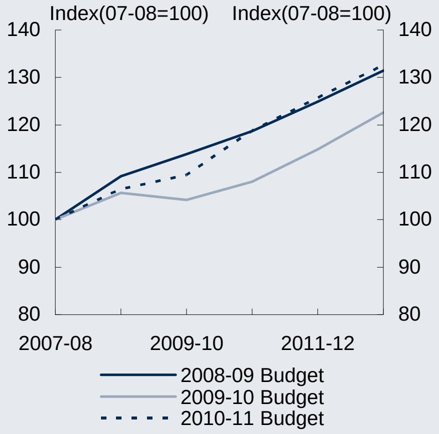
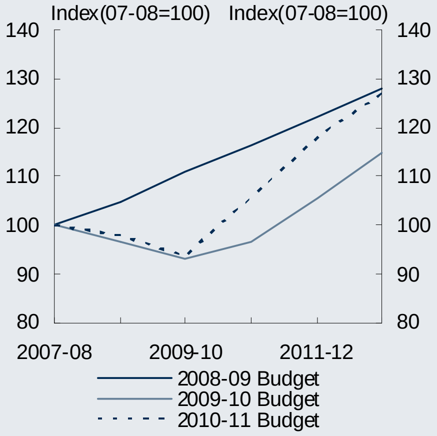


Chart B: Tax receipt revisions



Source: Treasury estimates.

This is partly because of the lags between the recovery in the economy and revenue as explained above, but also because of revenues (such as capital gains tax) that depend on asset prices, which are not necessarily correlated with GDP. Moreover, while past cycles can provide us with guidance on the size and pattern of losses, there remains considerable uncertainty as to how the losses will in fact unfold with the recovery.

And, as always, the outlook for revenue remains inextricably linked with the fortunes of the economy. While the rebound in the terms of trade and stronger prospects in train for the economy portend well, as discussed in Statement 2, there are risks to the economic outlook which could also affect revenue. For example, if concerns about sovereign debt in the euro area undermine the early tentative signs of renewed confidence in global financial markets, this could be reflected both in equity prices and global economic prospects. Such risks from the global economy mean that the Australian economy — and hence taxation revenue — remain vulnerable for some years to come.

VARIATIONS IN THE REVENUE ESTIMATES SINCE THE 2009-10 BUDGET

Table 2 reconciles this Budget's revenue estimates with those at the 2009-10 Budget and the 2009-10 MYEFO.

Table 2: Reconciliation of Australian Government general government revenue estimates from the 2009-10 Budget

	Estimates			Projections
	2009-10	2010-11	2011-12	2012-13
	$m	$m	$m	$m
Revenue at 2009-10 Budget	**290,612**	**294,841**	**320,776**	**349,684**
Changes between 2009-10 Budget and MYEFO				
Effect of policy decisions(a)	-34	-103	-78	-65
Effect of parameter and other variations	1,244	9,157	15,239	15,235
Total variations	**1,211**	**9,053**	**15,162**	**15,170**
Revenue at 2009-10 MYEFO	**291,823**	**303,895**	**335,937**	**364,854**
Changes between MYEFO and 2010-11 Budget				
Effect of policy decisions(a)	226	1,699	-156	-2,103
Effect of parameter and other variations	2,167	16,228	20,616	19,169
Total variations	**2,392**	**17,927**	**20,460**	**17,066**
Revenue at 2010-11 Budget	**294,215**	**321,822**	**356,397**	**381,920**

(a) Excludes secondary impacts on public debt interest on policy decisions.

Variations to total revenue in the estimates years

Since MYEFO, estimated total revenue for 2009-10 has been revised up $2.4 billion, almost entirely because of parameter and other variations to taxation revenue.

Indirect tax has been revised up by $3.2 billion largely owing to strong consumer spending resulting in increased GST revenue.

Overall, income taxation has been revised down by $1.2 billion, with lower estimates for company tax, superannuation funds' tax and gross other individuals' tax partially offset by higher estimates for gross income tax withholding. The revisions for gross income tax withholding largely reflect the improved outlook for employment growth, which is partially offset by lower-than-expected wage growth.

Policy decisions taken since the 2009-10 MYEFO contribute $250 million to the overall revision in 2009-10.

Total revenue for 2010-11 has been revised up by $17.9 billion since 2009-10 MYEFO, with policy decisions contributing $1.7 billion and parameter and other variations contributing $16.2 billion. Revisions to income taxes account for the bulk of these. Individuals' incomes, including wages and unincorporated businesses' income, are expected to grow strongly. Company profits are forecast to be higher, reflecting a shallower-than-expected downturn in the economy and stronger estimated capital gains.

Non-tax revenue in 2010-11 is expected to be $193 million lower than forecast at MYEFO. This reduced estimate primarily reflects reductions in the Reserve Bank of Australia dividend and in fee receipts from eligible financial institutions for the Guarantee Scheme for Large Deposits and Wholesale Funding.

Effect of policy decisions

Policy decisions since the 2009-10 MYEFO are expected to increase revenue by $1.7 billion in 2010-11. Policy decisions detract $156 million and $2.1 billion from revenue in 2011-12 and 2012-13 respectively, before adding $798 million in 2013-14. These fluctuations in revenues over the forward estimates mainly reflect the timing of measures included in the *Stronger, Fairer, Simpler — A tax plan for our future* package, which includes a number of revenue raising as well as spending proposals, as well as the impact of the deferral of the Carbon Pollution Reduction Scheme (CPRS).

Major policy decisions that impact on revenue in the forward estimates period include:

- introducing a 40 per cent Resource Super Profits Tax (RSPT) on non-renewable resources from 1 July 2012 — the RSPT will raise $12 billion over the forward estimates;
- reducing the company tax rate from 30 per cent to 29 per cent for 2013-14 and 28 per cent from 2014-15, at a cost of $2.3 billion over the forward estimates;
- increasing the superannuation contribution cap for individuals over 50 years old with superannuation balances below $500,000, at a cost to revenue of $1.3 billion over the forward estimates;
- providing small businesses with an instant asset write-off for assets with an acquisition cost under $5,000 and a simplified pooling arrangement, at a cost to revenue of $1 billion over the forward estimates;
- providing a 50 per cent discount for interest income, at a cost to revenue of $1 billion over the forward estimates;
- increasing tobacco excise by 25 per cent, with effect on and from 30 April 2010, which will raise $5.5 billion over the forward estimates — this includes $505 million in underlying cash GST collections that will be paid to the States and Territories;
- increasing funding to the Australian Taxation Office for GST compliance which is expected to increase revenue by $3.0 billion over the forward estimates — this includes $1.56 billion in underlying cash GST collections that will be paid to the States and Territories; and
- deferring the CPRS, with its removal from the estimates expected to reduce revenue by $15.3 billion over the forward estimates.

Table 3: Revenue policy decisions since the 2009-10 MYEFO

	2009-10	2010-11	2011-12	2012-13	2013-14	Total
	$m	$m	$m	$m	$m	$m
Stronger, fairer, simpler tax reform						
– Resource Super Profits Tax	-	-	-	3,000.0	9,000.0	12,000.0
– lowering the company tax rate	-	-	-	-300.0	-2,000.0	-2,300.0
– increasing concessional contribution caps for individuals over 50 with low superannuation balances	-	-	-	-545.0	-785.0	-1,330.0
– small business instant asset write-off and simplified pooling	-	-	-	-	-1,030.0	-1,030.0
– 50 per cent discount for deposit interest income	-	-	-	-470.0	-480.0	-950.0
– Government superannuation contributions tax rebate for low-income earners	-	-	-	-	-830.0	-830.0
– growth dividend	-	-	-	200.0	400.0	600.0
– early start to the company tax rate cut for small business companies	-	-	-50.0	-300.0	-200.0	-550.0
– standard deduction for work-related expenses and the cost of managing tax affairs	-	-	-	-	-410.0	-410.0
– increasing the superannuation guarantee rate to 12 per cent	-	-	-	-	-240.0	-240.0
National Health and Hospitals Network						
– increasing the excise and - equivalent customs duty on tobacco products	255.0	1,245.0	1,285.0	1,320.0	1,380.0	5,485.0
GST compliance program – working together to improve voluntary compliance	-	563.1	816.7	862.5	786.6	3,028.9
National Health and Hospitals Network – rebalancing financial responsibility in the federation	-	-	283.0	295.0	307.0	885.0
ATO compliance program – dealing with the cash economy	-	32.0	99.8	160.2	199.8	491.8
Consolidation – non-membership equity interests	-	25.0	50.0	110.0	200.0	385.0
Personal income tax – increase in the net medical expenses tax offset claim threshold	-	-	95.0	115.0	140.0	350.0
Personal income tax – increasing the Medicare levy low-income thresholds	-	-90.0	-45.0	-45.0	-45.0	-225.0
Rebate for broadcasting licence fees	-	-40.5	-101.5	-65.5	-2.0	-209.5
Migration Program – General Skilled Migration eligibility changes – visa revenue	-31.7	-103.0	-63.5	-35.9	-29.7	-263.8
Carbon Pollution Reduction Scheme – deferral	-	-	-2,880.0	-6,690.0	-5,770.0	-15,340.0
Other measures	2.5	66.9	354.4	286.1	205.8	915.7
Total impact of revenue measures	**225.8**	**1,698.5**	**-156.1**	**-2,102.6**	**797.5**	**463.1**

Effect of parameter and other variations

In addition to new policy decisions, revisions to expected revenue are driven by recent economic outcomes and tax collections, and the updated economic outlook. The revenue variations discussed in this section stem from these parameter and other variations. That is, they explicitly exclude the impact of new policy decisions on revenue.

The revenue forecasts are based on the economic outlook presented in Statement 2, with changes in nominal incomes and spending having consequent impacts on expected taxation revenue.

The key economic parameters that influence revenue are shown in Table 4. Analysis of the sensitivity of the taxation revenue estimates to changes in the economic outlook is provided in Statement 3.

As a result of the improvement in the Australian economic outlook, parameter and other variations have increased revenue by $2.2 billion in 2009-10 and $16.2 billion in 2010-11 since 2009-10 MYEFO.

Tax revenue has been boosted by stronger forecasts of growth in nominal non-farm GDP, which has been revised up 1.7 and 3.1 percentage points in 2009-10 and 2010-11 respectively from 2009-10 MYEFO estimates. Most components of nominal income have been revised up, primarily reflecting upward revisions to unincorporated business and property income, company profits and consumption in 2009-10.

Gross income tax withholding revenue is expected to be around $0.7 billion higher in 2009-10 and $5.1 billion higher in 2010-11 than forecast at 2009-10 MYEFO. This is largely because of faster growth in employment in 2009-10, partly offset by weaker wage growth due to a decrease in average hours worked. In 2010-11, upward revisions are driven by both stronger wage growth and some further employment growth.

Table 4: Key revenue parameters[(a)]

	Estimates			Projections	
	2009-10 %	2010-11 %	2011-12 %	2012-13 %	2013-14 %
Revenue parameters at 2010-11 Budget					
Nominal gross domestic product (non-farm)	3.0	8.7	5.8	5 1/2	5 1/2
Change since 2009-10 MYEFO	*1.7*	*3.1*	*-0.4*	*- 3/4*	*na*
Compensation of employees (non-farm)(b)	1.9	7.4	7.0	6 1/4	5 3/4
Change since 2009-10 MYEFO	*-0.3*	*2.4*	*0.8*	*0*	*na*
Corporate gross operating surplus(c)	0.4	13.1	3.3	5 1/4	5 1/2
Change since 2009-10 MYEFO	*3.7*	*6.9*	*-3.0*	*-1*	*na*
Unincorporated business income	11.1	7.9	5.4	5 3/4	5 3/4
Change since 2009-10 MYEFO	*8.8*	*2.5*	*-0.9*	*- 1/2*	*na*
Property income(d)	5.9	10.7	4.9	5 3/4	5 3/4
Change since 2009-10 MYEFO	*3.6*	*3.1*	*-1.4*	*- 1/2*	*na*
Consumption subject to GST	4.0	5.3	5.6	5 3/4	5 3/4
Change since 2009-10 MYEFO	*3.0*	*1.9*	*-0.6*	*- 1/2*	*na*

(a) Current prices, per cent change on previous years. Changes since MYEFO are percentage points.
(b) Compensation of employees measures total remuneration earned by employees.
(c) Corporate GOS is an Australian National Accounts measure of company profits.
(d) Property income measures income derived from rent, dividends and interest.
na Data not available.

Gross other individuals' tax receipts have been revised down by $0.5 billion in 2009-10 from MYEFO. This primarily reflects weaker-than-anticipated collections to date. In 2010-11, revenue from gross other individuals has been revised upwards by $2.1 billion from 2009-10 MYEFO, mainly owing to upward revisions to unincorporated business income and higher estimated capital gains.

Superannuation funds tax revenue is expected to be around $0.7 billion lower in 2009-10 and $1.0 billion lower in 2010-11 than forecast at 2009-10 MYEFO, due to higher deductions being claimed to offset taxable incomes (in the current year) as well as increased dividend imputation credits. The outlook for 2010-11 is for increased dividend incomes, which will lower the amount of tax payable through increased imputation credits.

Company tax revenue in 2009-10 is now expected to be $1.0 billion lower than the 2009-10 MYEFO estimate. This is mostly due to lags between the improved investment conditions and profit and tax revenue. Company tax revenue in 2010-11 has been revised up by $7.4 billion since MYEFO, reflecting stronger growth in corporate profits and higher estimated capital gains, with some offset by prior-year losses to be recouped.

CGT, which is a component of individuals', companies' and superannuation funds' income taxes, is now estimated to be higher by $1.4 billion in 2009-10 and by $2.2 billion in 2010-11 compared with MYEFO. This reflects the continued improvements in asset prices.

GST revenue has been revised up by $2.5 billion in both 2009-10 and 2010-11 since MYEFO, primarily reflecting strong consumer spending and the improved outlook for growth in consumption subject to GST and ownership transfer costs.

Luxury car tax revenue is estimated to be higher than MYEFO forecasts by $100 million in 2009-10 and $170 million in 2010-11. Car sales are returning to levels prior to the downturn and, notwithstanding some easing in sales following the phasing out of targeted tax breaks associated with fiscal stimulus, the level of activity is expected to remain strong.

Excise duty revenue has been revised up by $280 million in 2009-10 since MYEFO, reflecting stronger-than-expected growth in the production of diesel, crude oil, blended fuels and tobacco. In 2010-11, revenue from excise duty is anticipated to be $650 million lower than the MYEFO forecast, mainly due to the expected relocation overseas of a cigarette producer. The fall in tobacco excise revenue is expected to be partially offset by growth in excises from the production of diesel and blended fuels.

Customs duty revenue estimates remain broadly in line with MYEFO estimates in 2009-10. Some weakness in general imports is offset by stronger imports of passenger vehicles. In 2010-11, customs duty revenue has been revised upwards by $1.1 billion, mainly owing to the expected relocation of the cigarette producer. The total effect of the relocation on combined revenues from excise and customs duty is expected to be neutral.

CASH RECEIPTS

Total receipts are expected to be $9.0 billion lower than revenue in 2009-10, almost all of which is taxation receipts, and $7.4 billion lower than revenue in 2010-11, including $8.1 billion in taxation receipts. While tax receipts are generally driven by the same factors as revenue, there will be differences as not all revenue raised in a given year is actually paid in that year. For example, past tax assessments may be amended as a result of compliance activity or the settlement of legal disputes and taxpayers may accrue new tax debts. These differences will exist for most revenue heads, and will vary across years. Further information on the difference between the accrual and cash taxation estimates is in Appendix E: Taxation revenue recognition.

Table 5 provides a reconciliation of the Budget's receipts estimates with those at MYEFO.

Since 2009-10 MYEFO, total receipts have been revised up by $1.6 billion in 2009-10.

Taxation receipts in 2009-10 were revised up by $970 million from parameter and other variations, with higher receipts primarily from individuals' income taxes and GST. Tax receipts from individuals reflect the stronger employment forecasts since MYEFO. GST receipts reflect the increase in the consumption of taxable goods and services that has occurred as a result of the strong recovery in consumer spending and increased dwelling investment. The upward revisions to the estimates from individuals and GST have been somewhat moderated by the lower-than-anticipated company taxes since MYEFO.

Since MYEFO, total receipts have been revised up by $17.3 billion in 2010-11.

Taxation receipts have been revised up by $16.8 billion from parameter and other variations, reflecting the expected improvement in economic activity. The forecast strength in the labour market and the expected increase in company profits, due to a stronger real economy and terms of trade, are expected to have significant impacts on individuals' income tax and company tax, respectively.

Table 5: Reconciliation of total Australian Government general government receipt estimates from the 2009-10 MYEFO

	Estimates			Projection
	2009-10	2010-11	2011-12	2012-13
	$m	$m	$m	$m
Receipts at 2009-10 MYEFO	**283,608**	**297,131**	**324,653**	**355,216**
Per cent of GDP	22.4	22.2	22.9	23.5
Changes between 2009-10 MYEFO and 2010-11 Budget				
Effect of policy decisions	222	854	3,104	-537
Effect of parameter and other variations	1,370	16,433	21,076	23,335
Taxation	967	16,834	20,798	19,225
Non-taxation	403	-402	277	4,110
Total variations	**1,593**	**17,286**	**24,180**	**22,798**
Receipts at 2010-11 Budget	**285,201**	**314,417**	**348,834**	**378,014**
Per cent of GDP	22.0	22.4	23.5	24.1

REVENUE ESTIMATES BY REVENUE HEAD

The revenue estimates for 2009-10 to 2011-12 are constructed using the outcomes for 2008-09, information on revenue collections in the year to date and the revised economic forecasts for 2009-10 to 2011-12. Revenue estimates for the projection years, 2012-13 to 2013-14, are based mainly on underlying trends in economic parameters.

In 2009-10, total revenue is expected to decrease by $4.7 billion from 2008-09, a fall of 1.6 per cent. Driving this decrease is an 11.6 per cent ($7.1 billion) fall in company tax revenues and an 11.7 per cent ($3.8 billion) fall in gross other individuals' tax revenues.

In 2010-11, total revenue is expected to rise by $27.6 billion from 2009-10, continuing to increase in 2011-12 and over the remaining projection years, in line with the growth in nominal economy.

Individuals income and other withholding tax revenue

Table 6: Individuals' income and other withholding taxation revenue

	Actual	Estimates			Projections	
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$m	$m	$m	$m	$m	$m
Individuals and other withholding taxes						
Gross income tax withholding	117,086	119,970	130,620	143,580	155,660	167,800
Gross other individuals	32,260	28,500	31,530	35,760	39,220	42,250
less: Refunds	23,569	25,120	25,080	27,480	30,080	32,930
Total individuals and withholding taxation	125,777	123,350	137,070	151,860	164,800	177,120
Fringe benefits tax	3,581	3,670	4,010	4,190	4,480	4,730
Total individuals taxation revenue	**129,358**	**127,020**	**141,080**	**156,050**	**169,280**	**181,850**

Gross income tax withholding

In 2009-10, estimated revenue from gross income tax withholding (ITW) is expected to increase by $2.9 billion, growth of 2.5 per cent, on the 2008-09 outcome. This principally reflects growth in employment with modest wage growth, partially offset by the effect of personal income tax cuts.

In 2010-11, ITW revenue is expected to grow more quickly, by $10.7 billion (8.9 per cent), on the back of strong employment and wage growth forecasts. In 2011-12, the strong growth in ITW revenue is forecast to continue, with an increase of $13.0 billion or 9.9 per cent, as the strength in the labour market continues.

Over the projection period, ITW revenue growth is expected to moderate slightly as employment and wage growth largely return to trend by 2013-14.

Gross other individuals

Revenue from gross other individuals is expected to decrease by $3.8 billion (11.7 per cent) in 2009-10, reflecting weaker-than-anticipated collections in the December and March quarters.

In addition, the sharp fall in property income and capital gains realised during 2008-09 also contributed to the downward revision of revenue from gross other individuals.

In 2010-11 and 2011-12, revenue from other individuals is expected to increase by $3.0 billion (10.6 per cent) and $4.2 billion (13.4 per cent), respectively. This reflects the strong growth forecast for nominal GDP in 2010-11 and 2011-12 resulting in tax instalments from unincorporated businesses' income increasing markedly.

In the projection years, other individuals' revenue is expected to grow by 9.7 per cent and 7.7 per cent in 2012-13 and 2013-14 respectively, supported by an increase in income from unincorporated businesses and capital gains.

Income tax refunds for individuals

Refunds for individuals are expected to increase by $1.6 billion (6.6 per cent) in 2009-10, reflecting the improved outlook for the labour market and the weakness in capital gains during the downturn. In 2010-11 individuals' refunds are expected to remain similar to the 2009-10 estimate.

Individuals' refunds over the projection period largely follow individuals' income tax payments, growing throughout the period.

Fringe benefits tax

Revenue from fringe benefits tax (FBT) is expected to increase by $90 million (2.5 per cent) in 2009-10, in line with employment and wage growth.

FBT is expected to increase by $340 million (9.3 per cent) in 2010-11 and by $180 million (4.5 per cent) in 2011-12, with strong wage and employment growth.

Growth in FBT in the projection years is 6.9 per cent and 5.6 per cent in 2012-13 and 2013-14 respectively. This reflects a return to trend in both employment and wage growth.

Company and other related income taxation revenue

Table 7: Company and other related income taxation revenue

	Actual	Estimates			Projections	
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$m	$m	$m	$m	$m	$m
Company tax	60,705	53,650	66,520	78,020	79,880	77,940
Superannuation funds	9,227	5,990	7,170	8,870	10,460	11,000
Resource rent taxes(a)	2,099	1,480	1,860	2,160	7,380	15,920
Memo: Net impact of RSPT	-	-	-	-	*3,000*	*9,000*
Total company and related income taxation revenue	**72,031**	**61,120**	**75,550**	**89,050**	**97,720**	**104,860**

(a) Resource rent taxes include PRRT and gross receipts from the RSPT. The $3 billion in 2012-13 and $9 billion in 2013-14 represents the net impact on receipts across several different revenue heads. This includes the offsetting reductions in company tax (through deductibility), crude oil excise and interactions with other taxes.

The continued weakness in the global economy, low asset prices and the recoupment of prior-year losses are expected to suppress company profits in 2009-10. These factors have resulted in expected company tax revenue decreasing in 2009-10 by $7.1 billion, or over 11 per cent.

Company taxation is expected to recover strongly in 2010-11, growing by $12.9 billion (24.0 per cent) on the back of improved forecasts of corporate profits and capital gains.

In 2011-12, company taxation revenue growth is expected to remain strong, with an increase of $11.5 billion (17.3 per cent) from the 2010-11 level, as the utilisation of prior-year losses declines and company profits grow in line with the broader economy.

Company income tax is projected to grow by 2.4 per cent in 2012-13 but decline by 2.4 per cent in 2013-14. A recovery in company profits and losses returning to lower long-run levels are moderated by the unwinding of instalment rate effects in the company tax system.

Policy measures to lower the company tax rate and introduce the Resource Super Profits Tax (which is deductible against company tax) have strong downward effects on company tax revenues in the projection years. Policy measures detract almost 6 percentage points from growth in this revenue head in 2013-14.

Superannuation funds

In 2009-10, taxation revenue from superannuation funds is expected to decrease by $3.2 billion (35.1 per cent), from a fall in discretionary contributions and weak investment incomes during 2008-09.

In 2010-11, superannuation funds' income tax is expected to increase by about $1.2 billion (19.7 per cent). While discretionary contributions are expected to increase, it is expected that earnings income will continue to be offset with losses carried forward.

Growth in superannuation tax is expected to be around 23.7 per cent in 2011-12. The recovery forecast in the labour market in 2009-10 (continuing through 2010-11) is expected to increase employer contributions and, as the stock of capital losses begins to run down, investment incomes should once again impact positively on superannuation funds' tax.

Superannuation funds' tax is expected to continue improving in the projection years, with growth of 17.9 per cent in 2012-13. In 2013-14, growth slows to 5.2 per cent, as revenues are affected by the measure to provide a superannuation contributions tax rebate for low-income earners.

While the abolition of the superannuation surcharge prevents future liabilities from accruing, a very small allowance (which has increased slightly for 2009-10) has been made in relation to liabilities which accrued prior to 1 July 2005.

Resource rent taxes

Resource rent taxes include Petroleum Resource Rent Tax (PRRT) and the Resource Super Profits Tax (RSPT), to be introduced in 2012-13.

PRRT is expected to fall by $620 million (29.5 per cent) in 2009-10 due to production disruptions occurring in some major fields, and to the fall in the price of crude oil relative to the high levels of 2008. In 2010-11 PRRT is forecast to increase by $380 million (25.7 per cent) as production recovers from earlier disruptions and crude oil and other commodity prices continue to rise from the previous year's lows.

From 2011-12, PRRT revenue is expected to grow by 16.1 per cent, as new fields are expected to commence paying the tax.

The introduction of the RSPT in 2012-13 will add to resource rent tax revenues in the projection years.

Sales taxation revenues

Table 8: Sales taxation revenue

	Actual	Estimates			Projections	
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$m	$m	$m	$m	$m	$m
Goods and services tax	42,626	46,830	50,000	53,410	56,670	59,870
Wine equalisation tax	707	730	780	840	890	940
Luxury car tax	384	490	540	580	610	650
Other sales taxes	-1	0	0	0	0	0
Total sales taxation revenue	**43,716**	**48,050**	**51,320**	**54,830**	**58,170**	**61,460**

Goods and services tax

GST revenue is expected to increase by $4.2 billion (9.9 per cent) in 2009-10, primarily reflecting the improved growth in consumption subject to GST, dwelling investment and ownership transfer costs.

GST is expected to increase by $3.2 billion (6.8 per cent) in 2010-11 and by $3.4 billion (6.8 per cent) in 2011-12, reflecting continued strength in taxable consumption, dwelling investment and ownership transfer costs.

In the projection years, GST revenue is expected to grow in line with the nominal economy and consumption.

Other sales taxes

Other sales taxes include the luxury car tax, wine equalisation tax and residual liabilities and disputed amounts related to the abolished wholesale sales tax.

Luxury car tax (LCT) revenue is estimated to increase by $110 million (27.6 per cent) in 2009-10 and by $50 million (10.2 per cent) in 2010-11 in line with forecast increases in new motor vehicle sales. Sales and prices at the luxury car end have mirrored the pick-up in cars more generally. LCT revenue is projected to increase over the projection years, reflecting the revised outlook for the economic recovery.

The underlying growth in wine equalisation tax (WET) revenue is expected to move in line with expected total alcohol consumption. WET revenue is expected to grow moderately in 2009-10, reflecting low expected growth in the volume of wine consumption. From 2010-11, WET revenue is expected to grow more strongly, in line with stronger growth in both prices and consumption of wine.

Excise and customs duty revenue

Table 9: Excise and customs duty revenue(a)

	Actual	Estimates			Projections	
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$m	$m	$m	$m	$m	$m
Excise duty						
Petrol	6,461	6,390	6,230	6,280	6,240	6,400
Diesel	6,687	6,840	6,980	7,260	7,510	7,900
Beer	1,974	2,030	2,110	2,180	2,250	2,320
Tobacco	5,654	5,920	5,810	5,970	6,080	6,340
Other excisable products	3,543	3,710	4,100	5,040	4,460	4,520
Of which: Other excisable beverages(b)	862	860	960	1,030	1,130	1,230
Total excise duty revenue	24,319	24,890	25,230	26,730	26,540	27,480
Customs duty						
Textiles, clothing and footwear	1,120	830	740	800	840	900
Passenger motor vehicles	1,135	1,150	810	820	820	880
Excise-like goods	2,775	2,960	4,300	4,590	4,775	4,970
Other imports	1,517	1,130	1,160	1,300	1,410	1,510
less: Refunds and drawbacks	272	240	240	240	240	240
Total customs duty revenue	6,276	5,830	6,770	7,270	7,605	8,020
Total excise and customs duty revenue	**30,595**	**30,720**	**32,000**	**34,000**	**34,145**	**35,500**

(a) The impact of the increase in the tax rate on tobacco products affects both excise and customs duty (reported within the 'excise-like goods' category). The resulting increase in excise duty is largely offset by the expected offshore relocation in 2010-11 of a large tobacco manufacturer, which will then fulfil its tax obligations via customs duty.
(b) Other excisable beverages are those not exceeding 10 per cent by volume of alcohol.

Excise duty

Revenue from petrol excise is expected to fall by $70 million (1.1 per cent) in 2009-10, before falling by a further $160 million (2.5 per cent) in 2010-11. This reflects continued falls in petrol production, resulting from manufacturers substituting away from petrol toward the production of more environmentally friendly fuel sources such as blends. This trend towards substituting to more environmentally friendly fuels is expected to continue in 2011-12 and the projection years.

Revenue from diesel excise is expected to increase by $150 million (2.3 per cent) in 2009-10, and by a further $140 million (2.0 per cent) in 2010-11. This is attributable to the improved outlook for the real economy, particularly in the mining, agriculture and construction industries, which are the largest consumers of diesel.

In 2009-10, beer excise is estimated to increase by 2.8 per cent while revenue from other excisable beverages is expected to be flat, reflecting continued subdued consumption of ready-to-drink beverages. Growth in both excises is expected to rise from 2010-11 in line with the improving economy.

On 29 April 2010 the Government announced an increase in tobacco excise to reduce the prevalence of smoking. The impact of this change on excise revenues is partially offset by the expected relocation of a cigarette producer moving production overseas. The net impact on tobacco excise is a fall by 1.9 per cent in 2010-11. Tobacco excise is expected to remain subdued in the following years as the impact of higher excise and health warnings discourage tobacco consumption.

Table 10: Excise rates[(a)]

Commodity	Rates applying from 2 Feb 2009 $	Rates applying from 1 Aug 2009 $	Rates applying from 1 Feb 2010 $	Rates applying from 30 Apr 2010 $
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	0.38143	0.38143
Aviation gasoline	0.02854	0.02854	0.02854	0.02854
Aviation kerosene	0.02854	0.02854	0.02854	0.02854
Other petroleum products	0.38143	0.38143	0.38143	0.38143
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	6.99	7.03	7.14	7.14
Draught beer, mid strength	21.96	22.09	22.42	22.42
Draught beer, high strength	28.74	28.91	29.34	29.34
Other beer, low strength	35.03	35.24	35.77	35.77
Other beer, mid strength	40.82	41.06	41.68	41.68
Other beer, high strength	40.82	41.06	41.68	41.68
Non-commercial, low strength	2.46	2.47	2.51	2.51
Non-commercial, mid and high strength	2.85	2.87	2.91	2.91
Other beverages, not exceeding 10 per cent alcohol content (per litre of alcohol)	69.16	69.57	70.61	70.61
Potable spirits (per litre of alcohol)				
Brandy	64.57	64.96	65.93	65.93
Other spirits, exceeding 10 per cent alcohol content	69.16	69.57	70.61	70.61
Cigarettes, cigars and tobacco (tobacco content of 0.8 grams or less per stick)	0.25679	0.25833	0.26220	0.32775
Tobacco products (per kilogram)	321.00	322.93	327.77	409.71

(a) The rate of excise on crude oil and condensate is not provided in this table as it varies according to the quantity sold, the sale price, and the dates of discovery and development of the oil field.

Customs duty

Customs duties are expected to fall by almost $450 million (7.1 per cent) in 2009-10 in line with the tariff reductions applying from 1 January 2010. Customs duty from general imports is expected to be significantly weaker by almost $390 million (25.5 per cent), while duty from textiles, clothing and footwear is expected to fall by $290 million (25.9 per cent) as the tariff cuts take effect.

Revenue from passenger motor vehicle imports, however, is forecast to increase slightly by $15 million, despite this year's tariff reduction, reflecting stronger imports of motor vehicles. Duty revenue from imported tobacco is also set to increase by $80 million.

Customs duty revenue is expected to rise by $940 million (16.1 per cent) in 2010-11, owing to a tobacco manufacturer shifting production overseas in 2010. This is expected to raise tobacco customs duty by $1.2 billion (159.5 per cent), although as noted earlier this simply offsets tobacco duty lost under the excise regime.

Customs duty revenue is expected to increase in 2011-12 and in the projection years with growth of 7.4 per cent, 4.6 per cent and 5.5 per cent respectively.

Table 11: Customs duty tariff rates

	Applying from 11 May 2005	Applying from 1 January 2010	Applying from 1 January 2015
	Per cent	Per cent	Per cent
General tariff(a)	5	5	5
Passenger motor vehicles(b)	10	5	5
Textiles, clothing and footwear			
Clothing and finished textiles	17.5	10	5
Cotton sheeting, fabric, carpet and footwear	10	5	5
Sleeping bags, table linen and footwear parts	7.5	5	5
Tariff concession order	0	0	0

(a) The general tariff of 5 per cent applies to most manufactured goods. Many goods, including primary products, textiles, clothing and footwear, and other manufactured goods have free rate of duty.
(b) This category includes new passenger vehicles, off-road, second-hand cars and parts. Used vehicles are subject to an additional impost of $12,000.

Other taxation revenue

Table 12: Other taxation revenue

	Actual	Estimates			Projections	
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$m	$m	$m	$m	$m	$m
Agricultural levies	620	371	349	355	365	369
Levies other than agriculture	276	473	458	452	607	446
Super guarantee charges	377	450	471	494	516	538
Penalties	61	0	1	0	0	1
Broadcasting license fees	341	306	264	196	249	329
Other taxes	1,278	1,019	963	989	859	1,044
Total other taxation revenue	**2,954**	**2,619**	**2,506**	**2,486**	**2,596**	**2,727**

Other taxation revenue is expected to remain relatively steady over the forward estimates period.

Non-taxation revenue

Table 13: Non-taxation revenue

	Actual	Estimates			Projections	
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$m	$m	$m	$m	$m	$m
Sales of goods and services						
Fees from regulatory services	1,529	2,106	2,198	2,370	2,528	2,646
Other sales of goods and services	4,877	5,593	5,849	5,879	5,630	5,428
Total sales of goods and services	6,406	7,699	8,047	8,249	8,158	8,074
Interest						
From other governments	180	190	194	189	184	179
From other sources	4,944	4,379	4,961	5,059	4,903	4,956
Total interest	5,124	4,569	5,155	5,248	5,086	5,135
Dividends						
From public sector entities	1,925	6,270	248	335	355	1,131
Other dividends	1,549	1,156	1,078	999	927	862
Total dividends	3,474	7,426	1,326	1,334	1,282	1,993
Other non-taxation revenue						
Royalties	1,596	1,311	1,129	1,055	1,128	1,036
Other	3,679	3,682	3,709	4,095	4,355	4,573
Total other non-taxation revenue	5,275	4,993	4,838	5,150	5,483	5,609
Total non-taxation revenue	**20,280**	**24,686**	**19,365**	**19,981**	**20,009**	**20,811**

Non-taxation revenue in 2010-11 is expected to be $5.3 billion (or 21.6 per cent) lower than 2009-10, reflecting reductions in the Reserve Bank of Australia dividend and in fee receipts from eligible financial institutions for the Guarantee Scheme for Large Deposits and Wholesale Funding.

Appendix A: Revenue and receipts forward estimates

Table A1: Australian Government general government (accrual) revenue

	Actual	Estimates			Projections	
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$m	$m	$m	$m	$m	$m
Individuals and other withholding taxes						
Gross income tax withholding	117,086	119,970	130,620	143,580	155,660	167,800
Gross other individuals	32,260	28,500	31,530	35,760	39,220	42,250
less: Refunds	23,569	25,120	25,080	27,480	30,080	32,930
Total individuals and other withholding taxation	125,777	123,350	137,070	151,860	164,800	177,120
Fringe benefits tax	3,581	3,670	4,010	4,190	4,480	4,730
Company tax	60,705	53,650	66,520	78,020	79,880	77,940
Superannuation funds	9,227	5,990	7,170	8,870	10,460	11,000
Resource rent taxes(a)	2,099	1,480	1,860	2,160	7,380	15,920
Memo: Net impact of RSPT	-	-	-	-	*3,000*	*9,000*
Income taxation revenue	**201,389**	**188,140**	**216,630**	**245,100**	**267,000**	**286,710**
Sales taxes						
Goods and services tax	42,626	46,830	50,000	53,410	56,670	59,870
Wine equalisation tax	707	730	780	840	890	940
Luxury car tax	384	490	540	580	610	650
Other sales taxes	-1	0	0	0	0	0
Total sales taxes	43,716	48,050	51,320	54,830	58,170	61,460
Excise and customs						
Excise duty						
Petrol	6,461	6,390	6,230	6,280	6,240	6,400
Diesel	6,687	6,840	6,980	7,260	7,510	7,900
Beer	1,974	2,030	2,110	2,180	2,250	2,320
Tobacco	5,654	5,920	5,810	5,970	6,080	6,340
Other excisable products	3,543	3,710	4,100	5,040	4,460	4,520
Of which: Other excisable beverages	862	860	960	1,030	1,130	1,230
Total excise duty revenue	24,319	24,890	25,230	26,730	26,540	27,480
Customs duty						
Textiles, clothing and footwear	1,120	830	740	800	840	900
Passenger motor vehicles	1,135	1,150	810	820	820	880
Excise-like goods	2,775	2,960	4,300	4,590	4,775	4,970
Other imports	1,517	1,130	1,160	1,300	1,410	1,510
less: Refunds and drawbacks	272	240	240	240	240	240
Total customs duty revenue	6,276	5,830	6,770	7,270	7,605	8,020
Other indirect taxation						
Agricultural levies	620	371	349	355	365	369
Other taxes	2,334	2,248	2,157	2,131	2,231	2,358
Total other indirect taxation revenue	2,954	2,619	2,506	2,486	2,596	2,727
Indirect taxation revenue	**77,264**	**81,389**	**85,826**	**91,316**	**94,911**	**99,687**
Taxation revenue	**278,653**	**269,529**	**302,456**	**336,416**	**361,911**	**386,397**
Sales of goods and services	6,406	7,699	8,047	8,249	8,158	8,074
Interest	5,124	4,569	5,155	5,248	5,086	5,135
Dividends	3,474	7,426	1,326	1,334	1,282	1,993
Other non-taxation revenue	5,275	4,993	4,838	5,150	5,483	5,609
Non-taxation revenue	**20,280**	**24,686**	**19,365**	**19,981**	**20,009**	**20,811**
Total revenue	**298,933**	**294,215**	**321,822**	**356,397**	**381,920**	**407,208**
Memorandum:						
Capital gains tax(b)	*12,330*	*7,940*	*10,390*	*13,090*	*16,010*	*18,400*
Medicare levy revenue	*8,294*	*8,200*	*8,470*	*9,130*	*9,830*	*10,530*

(a) Resource rent taxes include PRRT and gross revenues from the RSPT. The $3 billion in 2012-13 and $9 billion in 2013-14 represents the net impact on receipts across several different revenue heads. This includes the offsetting reductions in company tax (through deductibility), crude oil excise and interactions with other taxes.

(b) Capital gains tax is part of other individuals, companies and superannuation funds tax. The 2008-09 reported figure is an estimate.

Table A2: Australian Government general government (cash) receipts

	Actual	Estimates			Projections	
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	$m	$m	$m	$m	$m	$m
Individuals and other withholding taxes						
Gross income tax withholding	115,899	118,580	129,320	142,420	154,420	166,460
Gross other individuals	30,030	26,640	29,850	34,060	37,390	40,270
less: Refunds	23,569	25,120	25,080	27,480	30,080	32,930
Total individuals and other withholding taxation	122,361	120,100	134,090	149,000	161,730	173,800
Fringe benefits tax	3,399	3,680	3,970	4,150	4,420	4,670
Superannuation funds	9,217	5,910	7,130	8,800	10,380	10,910
Company tax	60,391	51,490	64,160	75,610	77,620	75,730
Resource rent taxes(a)	2,184	1,250	1,740	2,190	7,390	15,930
Memo: Net impact of RSPT	*-*	*-*	*-*	*-*	*3,000*	*9,000*
Income taxation receipts	**197,552**	**182,430**	**211,090**	**239,750**	**261,540**	**281,040**
Sales taxes						
Goods and services tax	41,335	44,597	48,019	51,310	54,489	57,629
Wine equalisation tax	693	720	770	830	880	930
Luxury car tax	393	490	540	580	610	650
Other sales taxes	-1	0	0	0	0	0
Total sales taxes	42,420	45,807	49,329	52,720	55,979	59,209
Excise duty						
Petrol	6,481	6,330	6,140	6,190	6,240	6,400
Diesel	6,708	6,860	7,000	7,280	7,530	7,900
Beer	1,980	2,030	2,110	2,180	2,250	2,320
Tobacco	5,654	5,920	5,810	5,970	6,080	6,340
Other excisable products	3,551	3,720	4,110	5,050	4,460	4,520
Of which: Other excisable beverages	864	860	960	1,030	1,130	1,230
Total excise duty receipts	24,373	24,860	25,170	26,670	26,560	27,480
Customs duty						
Textiles, clothing and footwear	1,116	830	740	800	840	900
Passenger motor vehicles	790	820	580	710	820	880
Excise-like goods	2,775	2,960	4,300	4,590	4,775	4,970
Other imports	1,516	1,120	1,150	1,290	1,400	1,500
less: Refunds and drawbacks	383	380	380	380	380	380
Total customs duty receipts	5,814	5,350	6,390	7,010	7,455	7,870
Other indirect taxation						
Agricultural levies	620	371	349	355	365	369
Other taxes	1,848	2,141	2,010	1,861	1,847	2,196
Total other indirect taxation receipts	2,468	2,512	2,359	2,216	2,212	2,565
Indirect taxation receipts	**75,075**	**78,529**	**83,248**	**88,616**	**92,207**	**97,124**
Taxation receipts	**272,627**	**260,959**	**294,338**	**328,366**	**353,747**	**378,164**
Sales of goods and services	6,110	7,657	7,986	8,200	8,089	8,038
Interest received	5,166	4,507	4,976	5,033	4,918	5,027
Dividends	3,398	6,927	2,168	1,427	1,379	2,033
Other non-taxation receipts	5,298	5,151	4,950	5,807	9,881	5,722
Non-taxation receipts	**19,973**	**24,242**	**20,080**	**20,468**	**24,267**	**20,820**
Total receipts	**292,600**	**285,201**	**314,417**	**348,834**	**378,014**	**398,983**
Memorandum :						
Capital gains tax(b)	*12,330*	*7,940*	*10,390*	*13,090*	*16,010*	*18,400*
Medicare levy receipts	*8,294*	*8,200*	*8,470*	*9,130*	*9,830*	*10,530*

(a) Resource rent taxes include PRRT and gross receipts from the RSPT. The $3 billion in 2012-13 and $9 billion in 2013-14 represents the net impact on receipts across several different revenue heads. This includes the offsetting reductions in company tax (through deductibility), crude oil excise and interactions with other taxes.

(b) Capital gains tax is a component of taxes paid by individuals, companies, and superannuation funds tax. The 2008-09 reported figure is an estimate.

APPENDIX B: CHANGES SINCE 2009-10 MYEFO

Table B1: Reconciliation of 2009-10 general government (accrual) revenue

	Estimates		Change on MYEFO	
	MYEFO	Budget		
	$m	$m	$m	%
Individuals and other withholding taxes				
Gross income tax withholding	119,290	119,970	680	0.6
Gross other individuals	29,050	28,500	-550	-1.9
less: Refunds	25,270	25,120	-150	-0.6
Total individuals and other withholding taxation	123,070	123,350	280	0.2
Fringe benefits tax	3,430	3,670	240	7.0
Company tax	54,670	53,650	-1,020	-1.9
Superannuation funds	6,690	5,990	-700	-10.5
Resource rent taxes(a)	1,450	1,480	30	2.1
Income taxation revenue	**189,310**	**188,140**	**-1,170**	**-0.6**
Sales taxes				
Goods and services tax	44,260	46,830	2,570	5.8
Wine equalisation tax	730	730	0	0.0
Luxury car tax	390	490	100	25.6
Total sales taxes	45,380	48,050	2,670	5.9
Excise duty				
Petrol	6,390	6,390	0	0.0
Diesel	6,720	6,840	120	1.8
Beer	2,050	2,030	-20	-1.0
Tobacco	5,630	5,920	290	5.2
Other excisable products	3,620	3,710	90	2.5
Of which: Other excisable beverages	940	860	-80	-8.5
Total excise duty revenue	24,410	24,890	480	2.0
Customs duty				
Textiles, clothing and footwear	790	830	40	5.1
Passenger motor vehicles	930	1,150	220	23.7
Excise-like goods	2,890	2,960	70	2.4
Other imports	1,460	1,130	-330	-22.6
less: Refunds and drawbacks	240	240	0	0.0
Total customs duty revenue	5,830	5,830	0	0.0
Other indirect taxation				
Agricultural levies	371	371	0	0.1
Other taxes	2,207	2,248	41	1.9
Total other indirect taxation revenue	2,578	2,619	41	1.6
Indirect taxation revenue	**78,198**	**81,389**	**3,191**	**4.1**
Taxation revenue	**267,508**	**269,529**	**2,021**	**0.8**
Sales of goods and services	7,953	7,699	-255	-3.2
Interest	4,749	4,569	-180	-3.8
Dividends	7,384	7,426	42	0.6
Other non-taxation revenue	4,229	4,993	764	18.1
Non-taxation revenue	**24,315**	**24,686**	**371**	**1.5**
Total revenue	**291,823**	**294,215**	**2,392**	**0.8**

(a) In 2009-10, Resource rent taxes include only PRRT.

Table B2: Reconciliation of 2010-11 general government (accrual) revenue

	Estimates		Change on MYEFO	
	MYEFO	Budget		
	$m	$m	$m	%
Individuals and other withholding taxes				
Gross income tax withholding	125,540	130,620	5,080	4.0
Gross other individuals	29,390	31,530	2,140	7.3
less: Refunds	24,470	25,080	610	2.5
Total individuals and other withholding taxation	130,460	137,070	6,610	5.1
Fringe benefits tax	3,560	4,010	450	12.6
Company tax	58,930	66,520	7,590	12.9
Superannuation funds	8,190	7,170	-1,020	-12.5
Resource rent taxes(a)	1,750	1,860	110	6.3
Income taxation revenue	**202,890**	**216,630**	**13,740**	**6.8**
Sales taxes				
Goods and services tax	47,250	50,000	2,750	5.8
Wine equalisation tax	770	780	10	1.3
Luxury car tax	370	540	170	45.9
Total sales taxes	48,390	51,320	2,930	6.1
Excise duty				
Petrol	6,270	6,230	-40	-0.6
Diesel	6,900	6,980	80	1.2
Beer	2,110	2,110	0	0.0
Tobacco	5,600	5,810	210	3.8
Other excisable products	3,950	4,100	150	3.8
Of which: Other excisable beverages	1,040	960	-80	-7.7
Total excise duty revenue	24,830	25,230	400	1.6
Customs duty				
Textiles, clothing and footwear	630	740	110	17.5
Passenger motor vehicles	650	810	160	24.6
Excise-like goods	2,970	4,300	1,330	44.8
Other imports	1,600	1,160	-440	-27.5
less: Refunds and drawbacks	240	240	0	0.0
Total customs duty revenue	5,610	6,770	1,160	20.7
Other indirect taxation				
Agricultural levies	355	349	-6	-1.7
Other taxes	2,262	2,157	-104	-4.6
Total other indirect taxation revenue	2,617	2,506	-110	-4.2
Indirect taxation revenue	**81,447**	**85,826**	**4,380**	**5.4**
Taxation revenue	**284,337**	**302,456**	**18,120**	**6.4**
Sales of goods and services	8,565	8,047	-518	-6.0
Interest	4,856	5,155	299	6.2
Dividends	2,228	1,326	-902	-40.5
Other non-taxation revenue	3,909	4,838	928	23.7
Non-taxation revenue	**19,558**	**19,365**	**-193**	**-1.0**
Total revenue	**303,895**	**321,822**	**17,927**	**5.9**

(a) In 2010-11, Resource rent taxes include only PRRT.

Table B3: Reconciliation of 2009-10 general government (cash) receipts

	Estimates		Change on MYEFO	
	MYEFO	Budget		
	$m	$m	$m	%
Individuals and other withholding taxes				
Gross income tax withholding	118,000	118,580	580	0.5
Gross other individuals	27,000	26,640	-360	-1.3
less: Refunds	25,270	25,120	-150	-0.6
Total individuals and other withholding taxation	119,730	120,100	370	0.3
Fringe benefits tax	3,390	3,680	290	8.6
Superannuation funds	6,650	5,910	-740	-11.1
Company tax	52,650	51,490	-1,160	-2.2
Resource rent taxes(a)	1,530	1,250	-280	-18.3
Income taxation receipts	**183,950**	**182,430**	**-1,520**	**-0.8**
Sales taxes				
Goods and services tax	42,512	44,597	2,085	4.9
Wine equalisation tax	720	720	0	0.0
Luxury car tax	390	490	100	25.6
Total sales taxes	43,622	45,807	2,185	5.0
Excise duty				
Petrol	6,330	6,330	0	0.0
Diesel	6,740	6,860	120	1.8
Beer	2,050	2,030	-20	-1.0
Tobacco	5,630	5,920	290	5.2
Other excisable products	3,630	3,720	90	2.5
Of which: Other excisable beverages	940	860	-80	-8.5
Total excise duty receipts	24,380	24,860	480	2.0
Customs duty				
Textiles, clothing and footwear	790	830	40	5.1
Passenger motor vehicles	600	820	220	36.7
Excise-like goods	2,890	2,960	70	2.4
Other imports	1,450	1,120	-330	-22.8
less: Refunds and drawbacks	380	380	0	0.0
Total customs duty receipts	5,350	5,350	0	0.0
Other indirect taxation				
Agricultural levies	371	371	0	0.1
Other taxes	2,066	2,141	75	3.6
Total other indirect taxation receipts	2,437	2,512	75	3.1
Indirect taxation receipts	**75,789**	**78,529**	**2,740**	**3.6**
Taxation receipts	**259,739**	**260,959**	**1,220**	**0.5**
Sales of goods and services	7,941	7,657	-284	-3.6
Interest received	4,684	4,507	-177	-3.8
Dividends	6,885	6,927	42	0.6
Other non-taxation receipts	4,359	5,151	792	18.2
Non-taxation receipts	**23,869**	**24,242**	**373**	**1.6**
Total receipts	**283,608**	**285,201**	**1,593**	**0.6**

(a) In 2009-10, Resource rent taxes include only PRRT.

Table B4: Reconciliation of 2010-11 general government (cash) receipts

	Estimates		Change on MYEFO	
	MYEFO	Budget		
	$m	$m	$m	%
Individuals and other withholding taxes				
Gross income tax withholding	124,390	129,320	4,930	4.0
Gross other individuals	27,430	29,850	2,420	8.8
less: Refunds	24,470	25,080	610	2.5
Total individuals and other withholding taxation	127,350	134,090	6,740	5.3
Fringe benefits tax	3,520	3,970	450	12.8
Superannuation funds	8,140	7,130	-1,010	-12.4
Company tax	56,500	64,160	7,660	13.6
Resource rent taxes(a)	1,660	1,740	80	4.8
Income taxation receipts	**197,170**	**211,090**	**13,920**	**7.1**
Sales taxes				
Goods and services tax	45,160	48,019	2,859	6.3
Wine equalisation tax	760	770	10	1.3
Luxury car tax	370	540	170	45.9
Total sales taxes	46,290	49,329	3,039	6.6
Excise duty				
Petrol	6,180	6,140	-40	-0.6
Diesel	6,920	7,000	80	1.2
Beer	2,110	2,110	0	0.0
Tobacco	5,600	5,810	210	3.8
Other excisable products	3,950	4,110	160	4.1
Of which: Other excisable beverages	1,040	960	-80	-7.7
Total excise duty receipts	24,760	25,170	410	1.7
Customs duty				
Textiles, clothing and footwear	630	740	110	17.5
Passenger motor vehicles	420	580	160	38.1
Excise-like goods	2,970	4,300	1,330	44.8
Other imports	1,590	1,150	-440	-27.7
less: Refunds and drawbacks	380	380	0	0.0
Total customs duty receipts	5,230	6,390	1,160	22.2
Carbon Pollution Reduction Scheme	820	0	-820	-100.0
Other indirect taxation				
Agricultural levies	355	349	-6	-1.7
Other taxes	2,091	2,010	-82	-3.9
Total other indirect taxation receipts	2,446	2,359	-88	-3.6
Indirect taxation receipts	**79,546**	**83,248**	**3,701**	**4.7**
Taxation receipts	**276,716**	**294,338**	**17,621**	**6.4**
Sales of goods and services	8,559	7,986	-573	-6.7
Interest received	4,684	4,976	293	6.2
Dividends	3,076	2,168	-908	-29.5
Other non-taxation receipts	4,096	4,950	853	20.8
Non-taxation receipts	**20,415**	**20,080**	**-335**	**-1.6**
Total receipts	**297,131**	**314,417**	**17,286**	**5.8**

(a) In 2010-11, Resource rent taxes include only PRRT.

APPENDIX C: REVENUE AND RECEIPTS HISTORY AND FORECASTS

Table C1: Australian Government (accrual) revenue

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
									(est)	(est)	(est)	(proj)	(proj)
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Individuals and other withholding taxes													
Gross income tax withholding	79,822	84,640	90,095	98,250	103,811	107,809	114,700	117,086	119,970	130,620	143,580	155,660	167,800
Gross other individuals	17,237	18,314	21,010	24,003	25,859	26,952	31,036	32,260	28,500	31,530	35,760	39,220	42,250
less: Refunds	10,637	11,651	12,325	13,734	15,239	17,147	19,601	23,569	25,120	25,080	27,480	30,080	32,930
Total individuals and other withholding	86,422	91,303	98,779	108,519	114,431	117,614	126,135	125,777	123,350	137,070	151,860	164,800	177,120
Fringe benefits tax	4,032	3,154	3,642	3,476	4,084	3,754	3,796	3,581	3,670	4,010	4,190	4,480	4,730
Superannuation funds	4,171	4,896	5,785	6,410	6,705	7,879	11,988	9,227	5,990	7,170	8,870	10,460	11,000
Company tax	27,133	33,365	36,337	43,106	48,987	58,538	64,790	60,705	53,650	66,520	78,020	79,880	77,940
Resource rent taxes(a)	1,306	1,715	1,165	1,465	1,991	1,594	1,871	2,099	1,480	1,860	2,160	7,380	15,920
Memo: Net impact of RSPT												*3,000*	*9,000*
Income taxation revenue	**123,064**	**134,432**	**145,709**	**162,974**	**176,198**	**189,378**	**208,579**	**201,389**	**188,140**	**216,630**	**245,100**	**267,000**	**286,710**
Sales taxes													
Goods and services tax	27,389	31,257	34,121	35,975	39,118	41,208	44,381	42,626	46,830	50,000	53,410	56,670	59,870
Wine equalisation tax	648	673	705	693	657	651	661	707	730	780	840	890	940
Luxury car tax	220	261	336	302	331	365	464	384	490	540	580	610	650
Other sales taxes(b)	-77	-39	-38	-13	-19	60	-19	-1	0	0	0	0	0
Total sales taxes	28,180	32,153	35,122	36,957	40,086	42,284	45,486	43,716	48,050	51,320	54,830	58,170	61,460
Excise duty													
Fuel excise	12,793	13,337	13,529	14,350	14,073	14,653	15,085	15,592	15,840	16,110	17,300	16,830	17,330
Other excise	6,837	7,450	7,539	7,631	7,854	8,082	8,441	8,727	9,050	9,120	9,430	9,710	10,150
Total excise duty	19,630	20,787	21,068	21,981	21,927	22,734	23,526	24,319	24,890	25,230	26,730	26,540	27,480
Customs duty	5,214	5,573	5,622	5,548	4,988	5,644	6,070	6,276	5,830	6,770	7,270	7,605	8,020
Other indirect taxation													
Agricultural levies	550	586	603	584	610	608	611	620	371	349	355	365	369
Other taxes	1,573	1,672	1,835	1,899	1,908	1,862	1,957	2,334	2,248	2,157	2,131	2,231	2,358
Total other indirect taxation revenue	2,123	2,258	2,438	2,483	2,518	2,470	2,567	2,954	2,619	2,506	2,486	2,596	2,727
Indirect taxation revenue	**55,146**	**60,770**	**64,250**	**66,969**	**69,518**	**73,132**	**77,650**	**77,264**	**81,389**	**85,826**	**91,316**	**94,911**	**99,687**
Taxation revenue	**178,210**	**195,203**	**209,959**	**229,943**	**245,716**	**262,510**	**286,229**	**278,653**	**269,529**	**302,456**	**336,416**	**361,911**	**386,397**

Table C1: Australian Government (accrual) revenue (continued)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10 (est)	2010-11 (est)	2011-12 (est)	2012-13 (proj)	2013-14 (proj)
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Interest received	1,188	1,185	1,304	1,621	2,437	3,921	5,558	5,124	4,569	5,155	5,248	5,086	5,135
Dividends and other	11,090	10,535	10,905	10,943	13,085	11,979	11,942	15,155	20,118	14,211	14,734	14,923	15,676
Non-taxation revenue	**12,278**	**11,720**	**12,209**	**12,564**	**15,522**	**15,900**	**17,500**	**20,280**	**24,686**	**19,365**	**19,981**	**20,009**	**20,811**
Total revenue	**190,488**	**206,922**	**222,168**	**242,507**	**261,238**	**278,410**	**303,729**	**298,933**	**294,215**	**321,822**	**356,397**	**381,920**	**407,208**

(a) Resource rent taxes include PRRT and gross revenues from the RSPT. The $3 billion in 2012-13 and $9 billion in 2013-14 represents the net impact on receipts across several different revenue heads. This includes the offsetting reductions in company tax (through deductibility), crude oil excise and interactions with other taxes.

(b) 'Other sales taxes' includes wholesale sales tax which was abolished in 2000-01.

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

	Income tax									Indirect taxation revenue						
	Gross ITW	Gross other ind.	Refunds	Total ind. & w'holding	FBT	Super funds	Companies	RRT(a)	Total income tax	Sales tax(b)	Excise & Customs duty	Other tax	Total indirect tax	Total tax revenue	Total non-tax revenue	Total revenue
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
1999-00	12.2	2.1	1.6	12.7	0.6	0.6	3.7	0.2	17.8	2.4	2.7	0.2	5.3	23.1	2.1	25.2
2000-01	10.7	1.9	1.6	11.0	0.5	0.7	5.0	0.3	17.6	3.6	3.3	0.3	7.2	24.8	1.4	26.3
2001-02	10.5	2.3	1.4	11.4	0.5	0.5	3.6	0.2	16.2	3.7	3.3	0.3	7.3	23.5	1.6	25.1
2002-03	10.5	2.3	1.4	11.4	0.4	0.6	4.1	0.2	16.7	4.0	3.3	0.3	7.6	24.3	1.5	25.7
2003-04	10.4	2.4	1.4	11.4	0.4	0.7	4.2	0.1	16.8	4.1	3.1	0.3	7.4	24.3	1.4	25.7
2004-05	10.6	2.6	1.5	11.7	0.4	0.7	4.7	0.2	17.6	4.0	3.0	0.3	7.2	24.8	1.4	26.2
2005-06	10.4	2.6	1.5	11.4	0.4	0.7	4.9	0.2	17.6	4.0	2.7	0.3	6.9	24.6	1.6	26.1
2006-07	9.9	2.5	1.6	10.8	0.3	0.7	5.4	0.1	17.4	3.9	2.6	0.2	6.7	24.1	1.5	25.5
2007-08	9.7	2.6	1.7	10.7	0.3	1.0	5.5	0.2	17.7	3.8	2.5	0.2	6.6	24.2	1.5	25.7
2008-09	9.3	2.6	1.9	10.0	0.3	0.7	4.8	0.2	16.0	3.5	2.4	0.2	6.1	22.1	1.6	23.7
2009-10 est	9.3	2.2	1.9	9.5	0.3	0.5	4.1	0.1	14.5	3.7	2.4	0.2	6.3	20.8	1.9	22.7
2010-11 est	9.3	2.2	1.8	9.8	0.3	0.5	4.7	0.1	15.4	3.7	2.3	0.2	6.1	21.5	1.4	22.9
2011-12 est	9.7	2.4	1.8	10.2	0.3	0.6	5.2	0.1	16.5	3.7	2.3	0.2	6.1	22.6	1.3	24.0
2012-13 proj	9.9	2.5	1.9	10.5	0.3	0.7	5.1	0.5	17.0	3.7	2.2	0.2	6.0	23.1	1.3	24.3
2013-14 proj	10.1	2.5	2.0	10.7	0.3	0.7	4.7	1.0	17.3	3.7	2.1	0.2	6.0	23.3	1.3	24.6

(a) Resource rent taxes include PRRT and gross revenues from the RSPT.
(b) Sales taxes include wholesale sales tax which was abolished in 2000-01.

Table C3: Australian Government (cash) receipts

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10 (est)	2010-11 (est)	2011-12 (est)	2012-13 (proj)	2013-14 (proj)
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Individuals and other withholding taxes													
Gross income tax withholding	78,983	84,134	89,638	97,304	103,120	107,119	113,982	115,899	118,580	129,320	142,420	154,420	166,460
Gross other individuals	16,290	17,436	19,935	22,554	24,895	25,797	29,525	30,030	26,640	29,850	34,060	37,390	40,270
less: Refunds	10,637	11,651	12,325	13,734	15,244	17,145	19,601	23,569	25,120	25,080	27,480	30,080	32,930
Total individuals and other withholding	84,636	89,919	97,247	106,123	112,770	115,770	123,906	122,361	120,100	134,090	149,000	161,730	173,800
Fringe benefits tax	3,632	3,459	3,590	3,703	4,049	3,761	3,856	3,399	3,680	3,970	4,150	4,420	4,670
Superannuation funds	4,373	4,840	5,551	6,248	6,368	8,211	12,054	9,217	5,910	7,130	8,800	10,380	10,910
Company tax	27,230	32,752	36,101	40,404	48,960	57,100	61,700	60,391	51,490	64,160	75,610	77,620	75,730
Resource rent taxes(a)	1,361	1,712	1,168	1,459	1,917	1,510	1,686	2,184	1,250	1,740	2,190	7,390	15,930
Memo: Net impact of RSPT												*3,000*	*9,000*
Income taxation receipts	**121,233**	**132,681**	**143,658**	**157,937**	**174,063**	**186,353**	**203,202**	**197,552**	**182,430**	**211,090**	**239,750**	**261,540**	**281,040**
Sales taxes													
Goods and services tax	26,764	30,713	33,069	35,184	37,342	39,614	42,424	41,335	44,597	48,019	51,310	54,489	57,629
Wine equalisation tax	640	669	704	682	656	650	665	693	720	770	830	880	930
Luxury car tax	220	261	335	298	322	364	452	393	490	540	580	610	650
Other sales taxes(b)	-75	-72	-48	-10	-16	-6	0	-1	0	0	0	0	0
Total sales taxes	27,549	31,571	34,060	36,154	38,304	40,621	43,541	42,420	45,807	49,329	52,720	55,979	59,209
Excise duty													
Fuel excise	12,779	13,283	13,540	14,276	13,992	14,663	15,252	15,637	15,810	16,050	17,240	16,850	17,330
Other excise	6,837	7,450	7,539	7,612	7,822	8,086	8,474	8,736	9,050	9,120	9,430	9,710	10,150
Total excise duty	19,616	20,733	21,079	21,888	21,814	22,749	23,727	24,373	24,860	25,170	26,670	26,560	27,480
Customs duty	4,625	4,982	5,038	5,012	4,488	5,063	5,561	5,814	5,350	6,390	7,010	7,455	7,870
Other indirect taxation													
Agricultural levies	550	586	603	584	610	608	611	620	371	349	355	365	369
Other taxes	1,535	1,578	1,655	1,740	1,936	1,999	1,734	1,848	2,141	2,010	1,861	1,847	2,196
Total other indirect taxation receipts	2,085	2,164	2,258	2,324	2,546	2,607	2,345	2,468	2,512	2,359	2,216	2,212	2,565
Indirect taxation receipts	**53,874**	**59,450**	**62,435**	**65,377**	**67,152**	**71,039**	**75,174**	**75,075**	**78,529**	**83,248**	**88,616**	**92,207**	**97,124**
Taxation receipts	**175,107**	**192,132**	**206,092**	**223,314**	**241,215**	**257,392**	**278,376**	**272,627**	**260,959**	**294,338**	**328,366**	**353,747**	**378,164**

Table C3: Australian Government (cash) receipts (continued)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10 (est)	2010-11 (est)	2011-12 (est)	2012-13 (proj)	2013-14 (proj)
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Interest received	918	982	1,056	1,400	2,325	3,731	4,769	5,166	4,507	4,976	5,033	4,918	5,027
Dividends and other	11,563	11,500	10,627	11,271	12,403	11,514	11,772	14,806	19,735	15,103	15,434	19,349	15,793
Non-taxation receipts	**12,481**	**12,482**	**11,683**	**12,670**	**14,728**	**15,245**	**16,540**	**19,973**	**24,242**	**20,080**	**20,468**	**24,267**	**20,820**
Total receipts	**187,588**	**204,614**	**217,776**	**235,985**	**255,943**	**272,637**	**294,917**	**292,600**	**285,201**	**314,417**	**348,834**	**378,014**	**398,983**

(a) Resource rent taxes include PRRT and gross receipts from the RSPT. The $3 billion in 2012-13 and $9 billion in 2013-14 represents the net impact on receipts across several different revenue heads. This includes the offsetting reductions in company tax (through deductibility), crude oil excise and interactions with other taxes.

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

Table C4: Major categories of (cash) receipts as a proportion of gross domestic product[(a)]

	Income tax									Indirect taxation receipts						
	Gross ITW	Gross other ind.(b)	Refunds	Total ind. & w'holding	FBT	Super funds	Companies	RRT(c)	Total income tax	Sales tax(d)	Excise & Customs duty	Other tax	Total indirect tax	Total tax receipts	Total non-tax receipts	Total receipts
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
1977-78	10.2	2.4	0.9	11.6	0.0	0.0	2.9	0.0	14.6	1.7	3.7	0.4	5.8	20.4	2.5	22.8
1978-79	9.7	2.0	0.9	10.9	0.0	0.0	2.6	0.0	13.4	1.5	4.4	0.4	6.3	19.7	2.3	22.0
1979-80	10.0	2.1	0.8	11.3	0.0	0.0	2.5	0.0	13.8	1.4	4.8	0.4	6.6	20.4	2.1	22.5
1980-81	10.1	2.2	0.8	11.6	0.0	0.0	3.1	0.0	14.7	1.4	5.0	0.3	6.7	21.4	2.2	23.6
1981-82	10.8	2.2	0.8	12.2	0.0	0.0	2.9	0.0	15.0	1.6	4.6	0.3	6.5	21.5	2.1	23.6
1982-83	11.1	2.2	1.0	12.2	0.0	0.0	2.5	0.0	14.8	1.8	4.7	0.3	6.8	21.6	2.3	24.0
1983-84	10.7	2.1	1.1	11.7	0.0	0.0	2.1	0.0	13.8	1.9	4.8	0.4	7.1	21.0	2.4	23.4
1984-85	11.2	2.3	0.9	12.6	0.0	0.0	2.4	0.0	15.0	2.1	4.9	0.5	7.5	22.5	2.5	24.9
1985-86	11.5	2.6	1.3	12.7	0.0	0.0	2.3	0.0	15.1	2.2	4.9	0.4	7.4	22.5	2.8	25.4
1986-87	11.7	3.0	1.3	13.5	0.2	0.0	2.3	0.0	16.0	2.2	4.6	0.4	7.2	23.2	2.9	26.1
1987-88	11.3	3.0	1.3	13.0	0.3	0.0	2.7	0.0	16.0	2.3	4.2	0.4	7.0	23.0	2.6	25.5
1988-89	11.7	2.7	1.4	13.1	0.3	0.0	2.8	0.0	16.1	2.5	3.5	0.4	6.5	22.6	2.0	24.5
1989-90	11.4	2.5	1.4	12.5	0.3	0.1	3.2	0.0	16.0	2.5	3.4	0.3	6.2	22.2	1.9	24.2
1990-91	11.1	2.7	1.6	12.2	0.3	0.3	3.4	0.1	16.2	2.2	3.3	0.4	5.9	22.1	1.8	23.9
1991-92	10.8	2.1	1.8	11.1	0.3	0.3	3.1	0.2	15.1	2.1	3.0	0.3	5.4	20.4	2.0	22.4
1992-93	10.6	1.9	1.7	10.8	0.3	0.3	2.9	0.3	14.6	2.1	2.9	0.2	5.2	19.8	2.0	21.7
1993-94	10.6	1.8	1.5	10.9	0.3	0.3	2.7	0.2	14.4	2.2	3.0	0.2	5.4	19.8	2.2	22.0
1994-95	10.8	1.9	1.6	11.1	0.5	0.4	3.1	0.2	15.3	2.3	3.1	0.2	5.7	21.0	1.7	22.7
1995-96	11.3	1.9	1.6	11.6	0.6	0.3	3.4	0.1	16.1	2.4	3.0	0.2	5.7	21.7	1.6	23.4
1996-97	11.5	2.1	1.6	12.1	0.6	0.5	3.4	0.2	16.8	2.4	3.0	0.2	5.5	22.3	1.6	23.9
1997-98	11.7	2.0	1.6	12.2	0.5	0.5	3.3	0.2	16.7	2.4	2.9	0.2	5.5	22.1	1.6	23.8

Table C4: Major categories of (cash) receipts as a proportion of gross domestic product[(a)] (continued)

	Income tax									Indirect taxation receipts						
	Gross ITW	Gross other ind.(b)	Refunds	Total ind. & w'holding	FBT	Super funds	Companies	RRT(c)	Total income tax	Sales tax(d)	Excise & Customs duty	Other tax	Total indirect tax	Total tax receipts	Total non-tax receipts	Total receipts
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
1998-99	12.1	2.1	1.7	12.5	0.5	0.6	3.3	0.1	17.1	2.4	2.8	0.0	5.2	22.2	2.2	24.4
1999-00	12.2	2.0	1.6	12.6	0.6	0.6	3.7	0.2	17.6	2.3	2.7	0.2	5.2	22.8	2.2	25.0
2000-01	10.6	1.9	1.6	10.9	0.5	0.7	4.5	0.3	16.9	3.6	3.3	0.2	7.2	24.0	1.8	25.8
2001-02	10.4	2.1	1.4	11.1	0.5	0.6	3.6	0.2	16.0	3.6	3.2	0.3	7.1	23.1	1.6	24.7
2002-03	10.5	2.2	1.4	11.2	0.4	0.6	4.1	0.2	16.5	3.9	3.2	0.3	7.4	23.9	1.6	25.4
2003-04	10.4	2.3	1.4	11.2	0.4	0.6	4.2	0.1	16.6	3.9	3.0	0.3	7.2	23.8	1.4	25.2
2004-05	10.5	2.4	1.5	11.5	0.4	0.7	4.4	0.2	17.0	3.9	2.9	0.3	7.1	24.1	1.4	25.5
2005-06	10.3	2.5	1.5	11.3	0.4	0.6	4.9	0.2	17.4	3.8	2.6	0.3	6.7	24.1	1.5	25.6
2006-07	9.8	2.4	1.6	10.6	0.3	0.8	5.2	0.1	17.0	3.7	2.5	0.2	6.5	23.6	1.4	25.0
2007-08	9.6	2.5	1.7	10.5	0.3	1.0	5.2	0.1	17.2	3.7	2.5	0.2	6.4	23.6	1.4	25.0
2008-09	9.2	2.4	1.9	9.7	0.3	0.7	4.8	0.2	15.7	3.4	2.4	0.2	6.0	21.7	1.6	23.2
2009-10 est	9.2	2.1	1.9	9.3	0.3	0.5	4.0	0.1	14.1	3.5	2.3	0.2	6.1	20.2	1.9	22.0
2010-11 est	9.2	2.1	1.8	9.5	0.3	0.5	4.6	0.1	15.0	3.5	2.2	0.2	5.9	21.0	1.4	22.4
2011-12 est	9.6	2.3	1.8	10.0	0.3	0.6	5.1	0.1	16.1	3.5	2.3	0.1	6.0	22.1	1.4	23.5
2012-13 proj	9.8	2.4	1.9	10.3	0.3	0.7	4.9	0.5	16.7	3.6	2.2	0.1	5.9	22.5	1.5	24.1
2013-14 proj	10.0	2.4	2.0	10.5	0.3	0.7	4.6	1.0	17.0	3.6	2.1	0.2	5.9	22.8	1.3	24.1

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

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

(c) Resource rent taxes include PRRT and gross receipts from the RSPT.

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

APPENDIX D: FORECAST METHODOLOGY AND PERFORMANCE

The Government's revenue estimates are prepared using a 'base plus growth' methodology. The last known outcome (2008-09 for the 2010-11 Budget) is used as the base to which estimated growth rates are applied, resulting in revenue estimates for the current and future years. The growth rates are determined from forecasts for a large range of economic data, many of which are described in Statement 2.

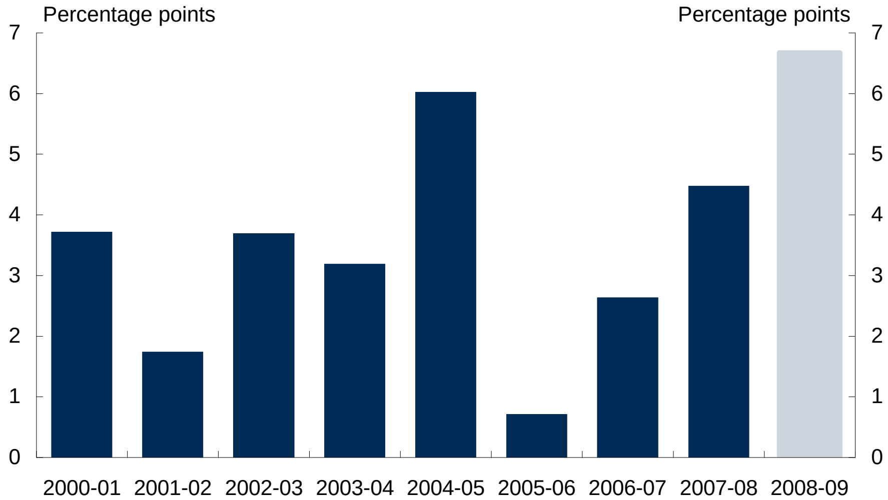
The smaller and relatively simple heads of revenue, such as luxury car tax and many of the excises, are forecast by mapping an appropriate economic parameter growth rate forecast directly to the tax growth rate. Most of the large and complex heads of revenue, such as personal and company income taxes, are forecast by mapping appropriate economic parameter growth rates to the various income, expense and deduction items on the relevant tax returns. An estimate of total tax payable is then calculated by applying the statutory rates to the estimated income base. Timing models based on past payment behaviour assist in determining whether this tax will be paid in the year the income is earned, such as for pay-as-you-go withholding tax, or in future years, such as for individuals' refunds.

Other information affecting revenue forecasts includes known tax collections for the current year, new policy, and properties of the calendar (for example, more pay-as-you-go withholding tax is paid on a Thursday than any other day so years with 53 Thursdays will result in more revenue than years with 52 Thursdays).

The Government's revenue forecasts, like all forecasts, are subject to a margin of error. With the exception of 2008-09, the discernable trend since 2000-01 has been for revenue forecasts to underpredict revenue outcomes (Chart D1). For example, the 2007-08 Budget forecast taxation revenue to grow by 4.8 per cent in 2007-08, compared to the outcome of 9.3 per cent, a forecast error of 4.5 percentage points. In 2008-09, reflecting the global financial crisis, the outcome for revenue in 2008-09 was significantly lower than the 2008-09 Budget forecast (shown as a pale blue column in Chart D1).

The revenue forecasting error may be split into three underlying sources: errors in the forecasts of the economy underpinning the revenue forecasts; errors in translating the economy to revenue forecasts; and miscellaneous factors such as post-Budget government policy decisions, court decisions regarding tax law interpretation, changes in ATO compliance activities and their success, and revisions to historical economic data. Note that there may also be secondary errors relating to the timing of the payments of tax: even if the forecasts were accurate, revenue may be recorded in the fiscal year before or after it was expected.

Chart D1: Absolute Budget forecast error on taxation revenue growth(a)
(excluding GST)



(a) Negative forecast errors are shown as pale blue columns.
Source: Treasury estimates.

Chart D2 shows the relationship between forecast errors of the economy and tax revenue over recent years. The dotted lines in Chart D2 represent a theoretical range for the relationship between the economic and revenue forecasting errors.

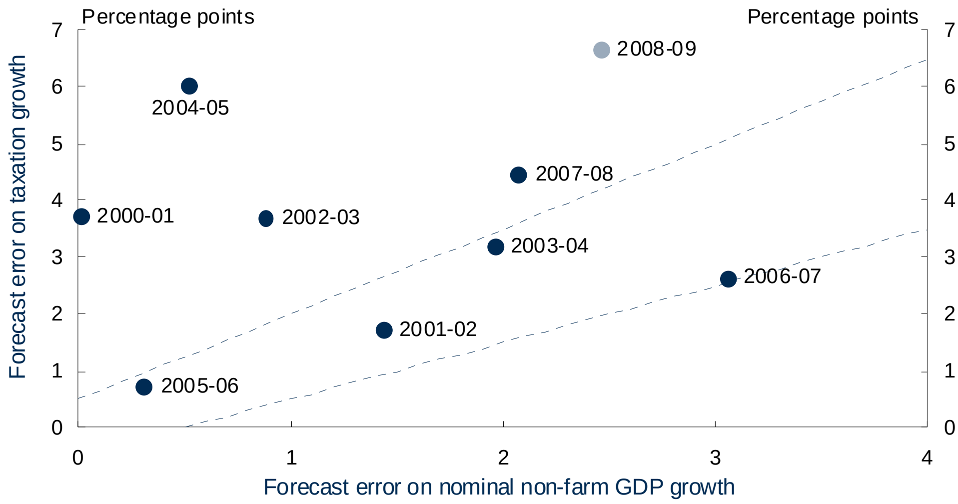
- Nominal non-farm GDP has been chosen as a broad indicator of the economic forecasts. Not all tax revenues are closely linked to GDP — capital gains tax (CGT) for example — and some of the sources of error described above are independent of economic conditions. So the relationship in the chart will only be approximate. The lines assume a revenue forecasting error of plus or minus 0.5 per cent if there is zero error on the economic forecasts.

- On average, economic forecasting errors will be magnified in the forecasting errors for revenue growth due to the progressive nature of personal income tax. The lower and upper lines assume aggregate elasticities (of revenue with respect to nominal non-farm GDP) of 1.0 and 1.5 respectively, which are consistent with theoretical models of the tax system after broadly allowing for uncertainties such as capital gains tax and the timing of payments.

Broadly, points below this range represent forecasts of tax revenue growth that were too high, given the economic growth forecasts, and points above the range represent forecasts of tax revenue growth that were too low, given the economic growth forecasts.

- For example, in 2002-03 nominal GDP growth turned out to be around ¾ of a percentage point higher than forecast but growth in tax revenue was almost 4 percentage points higher than forecast — higher than the around 1 percentage point error that the rule of thumb suggests should be theoretically associated with an economic forecasting error of that magnitude.

Chart D2: Absolute Budget forecast errors on nominal non-farm GDP growth and taxation revenue growth (excluding GST) (a)



(a) Negative forecast errors are shown as pale blue circles.
Note: The lower line combines a base error of 0.5 per cent with an elasticity of 1.0, and the upper line combines a base error of +0.5 per cent with an elasticity of 1.5.
Source: Treasury estimates.

Tax revenue in 2007-08 and 2008-09 was strongly affected by unforeseen movements in CGT. Revenue in 2007-08 was bolstered by around $18 billion of CGT, an increase of more than 50 per cent from the previous year. Revenue in 2008-09 was affected in reverse, as plunging stock prices led to a fall in CGT of greater than 30 per cent. Abstracting from CGT, the estimated forecast errors on tax revenue in 2007-08 and 2008-09 were much closer to the expected range, given the error on nominal non-farm GDP.

Nominal GDP was overforecast for 2008-09 by around 2.5 percentage points, resulting in a much larger overforecast for revenue of around 6.5 percentage points. This high implied elasticity is due partly to overforecasting CGT and partly to compositional changes in GDP associated with an economic downturn, as described in Box 1 of Statement 5.

After allowing for economic forecast error, revenue has been most seriously under estimated in 2000-01, 2002-03 and 2004-05, pointing to problems with revenue forecasting methodology in those years. In recent years, forecasting methodology has been improved: see Box 5.2 in the 2007-08 Budget, Box 5.2 in the 2006-07 Budget and Box 5.1 in the 2005-06 Budget. While the number of observations is small, the revenue forecast outcomes in 2005-06, 2006-07 and 2007-08 illustrate the benefits of the improved forecasting methodology.

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 from 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 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 from the taxation liability and result in a subsequent amended (refund or debit) assessment. The receipt may also be received in a period different from that to which the taxation liability relates.

Cash recognition is an integral part of budget reporting as a cash flow statement must be prepared under the accrual accounting frameworks on which the budget must be based. It also provides additional information about the structure of taxation. Cash data are 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 3 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 referred to 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 ETM.

Currently, ETM 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.

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 (for example, the Australian Taxation Office). This method retains some elements of cash revenue recognition — for example, revenue is recognised when cash payment occurs if it is 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 for the 2007-08 income year lodged in October 2008, and which results in a new taxation liability or a refund, would be recognised in the 2007-08 financial year under ETM and in the 2008-09 financial year under TLM. In this case, ETM requires that outcomes for 2007-08 include an estimation of liabilities or revenue relating to activities in 2007-08 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.

History of accrual revenue recognition

From 1999-2000 to 2005-06, all accrual taxation revenue was recognised in budget documents 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 consequent 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	
	2009-10	2010-11	2011-12	2012-13	2013-14
	$b	$b	$b	$b	$b
Taxation revenue (accrual)	269.5	302.5	336.4	361.9	386.4
Taxation receipts (cash)	261.0	294.3	328.4	353.7	378.2
Difference (accrual less cash)	**8.6**	**8.1**	**8.0**	**8.2**	**8.2**
Memorandum items:					
ACIS(a)	0.3	0.2	0.1	0.0	0.0
Net receivables	4.1	3.5	3.3	3.2	3.1
Write-offs of bad and doubtful debts	1.6	1.9	2.1	2.3	2.4
Penalty remissions	2.3	1.9	2.1	2.2	2.4
Other	0.3	0.6	0.5	0.5	0.3
Total	8.6	8.1	8.0	8.2	8.2

(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. Under cash accounting no cash payments are made upon the issue of ACIS credits, and when ACIS credits are used to offset the customs duty liability on specified imports no customs duty cash is received. Therefore, accrual accounting recognises the gross customs duty liability generated by all imports and cash accounting recognises the (smaller) net amount of customs duty cash received after the use of ACIS credits. As such, the accounting treatment of ACIS credits accounts for $300 million of the difference between the accrual and cash estimates in 2009-10.

Other differences between accrual and cash estimates

There are a number of other timing differences between the recognition of accrual revenue and cash receipts as well as instances where revenue has been recognised but cash payment is no longer expected to be received.

- *Tax receivables* arise where taxation liabilities are recognised in one period, but the taxpayer is not expected to pay the liability until a later period. In general, net receivables increase over time in line with growth in taxes.

- *Penalty remissions* occur where accrual 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).

Appendix F: 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, concessional 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.

The data reported in this appendix are largely consistent with the tax expenditure data reported in the *2009 Tax Expenditures Statement* published in January 2010. With one exception, the data do not include the impact on tax expenditures of decisions in this Budget. To avoid giving a misleading impression of the tax expenditure aggregates, the Carbon Pollution Reduction Scheme tax expenditures have been removed. See the measure *Carbon Pollution Reduction Scheme – deferral* in Budget Paper 2 for further information.

Care needs to be taken when analysing tax expenditure data: see Section 2.5 of the *2009 Tax Expenditures Statement* for a detailed discussion.

Table F1 contains estimates of total tax expenditures for the period 2006-07 to 2013-14.

Table F1: Total measured tax expenditures

Year	Housing $m	Superannuation $m	Other tax expenditures $m	Total $m	Tax expenditures as a proportion of GDP (%)
2006-07 (est)	38,500	30,208	39,899	108,607	10.0
2007-08 (est)	40,000	30,650	44,489	115,139	9.7
2008-09 (est)	31,000	24,458	46,608	102,066	8.1
2009-10 (proj)	31,500	22,696	47,594	101,790	7.9
2010-11 (proj)	31,500	24,426	48,482	104,408	7.4
2011-12 (proj)	31,000	27,845	48,520	107,365	7.2
2012-13 (proj)	30,000	31,995	50,509	112,504	7.1
2013-14 (proj)	30,000	35,379	54,825	120,204	7.2

Table F1 shows that measured tax expenditures as a proportion of GDP are projected to fall from 8.1 per cent in 2008-09 to 7.9 per cent in 2009-10, largely reflecting the lower than expected taxation receipts resulting from the global financial crisis.

Table F2 shows estimates of large measured tax expenditures for 2009-10.

Table F2: Large measured tax expenditures in 2009-10

Tax expenditure		Estimate $m
Large positive tax expenditures		
E5	Capital gains tax main residence exemption — discount component	17,500
E4	Capital gains tax main residence exemption	14,000
C5	Superannuation — concessional taxation of employer contributions	11,400
C6	Superannuation — concessional taxation of superannuation entity earnings	9,800
H23	GST — Food — uncooked, not prepared, not for consumption on premises of sale and some beverages	5,600
E14	Capital gains tax discount for individuals and trusts	5,380
H14	GST — Health; medical and health services	2,700
H11	GST — Education	2,550
H2	GST — Financial Supplies; input taxed treatment	2,120
A56	Exemption of Tax Bonus for Working Australians	2,070
A44	Exemption of Family Tax Benefit, Parts A and B, including expense equivalent	2,010
B13	Exemption from interest withholding tax on certain securities	1,640
C3	Concessional taxation of non-superannuation termination benefits	1,500
B99	Small business and general business tax break	1,470
A23	Exemption of 30 per cent private health insurance refund, including expense equivalent	1,110
C8	Superannuation — deduction and concessional taxation of certain personal contributions	1,100
A22	Exemption from the Medicare levy for residents with a taxable income below a threshold	1,070
D26	Application of statutory formula to value car benefits	1,050
H10	GST — Imported services	1,050
A67	Deduction for gifts to approved donees	970
A32	Senior Australians' Tax Offset	950
H3	GST — Financial Supplies; reduced input tax credits	860
B109	Income tax exemption for public and municipal authorities and other local governing bodies	830
D6	Exemption for public and not-for-profit hospitals	830
B87	Statutory effective life caps	775
D11	Exemption for public benevolent institutions (excluding public and not-for-profit hospitals)	760
F6	Exemption from excise for 'alternative fuels'	750
E31	Small business capital gains tax 50 per cent reduction	740
F3	Concessional rate of excise levied on aviation gasoline and aviation turbine fuel	720
A48	Exemption of payments made under the First Home Owners Grant Scheme	690
B96	Research and development — research and development tax concession	640
Large negative tax expenditures		
F21	Customs duty	-2,950
F7	Higher rate of excise levied on cigarettes not exceeding 0.8 grams of tobacco	-1,395