Attachment B

TAX EXPENDITURES

This attachment contains an overview of the cost of tax expenditures provided to taxpayers through the tax system.

Tax expenditures provide a benefit to a specified activity or class of taxpayer. They can be delivered as a tax exemption, tax deduction, tax offset, reduced tax rate or deferral of tax liability. The Government can use tax expenditures to allocate resources to different activities or taxpayers in much the same way that it can use direct expenditure programs. For this reason, and noting their direct impact on the fiscal balance, these concessions are generally called 'tax expenditures'.

Table 3.19 contains estimates of aggregate tax expenditures for the period from 2006-07 to 2013-14. These estimates are largely consistent with tax expenditure data reported in the *2009 Tax Expenditures Statement*. However, consistent with the 2010-11 Budget, the Carbon Pollution Reduction Scheme tax expenditures have been removed. Changes in GDP forecasts have also been reflected in the revised estimates of tax expenditures as a proportion of GDP.

Table 3.19: Total measured tax expenditures

Year	Housing $m	Superannuation $m	Other tax expenditures $m	Total $m	Tax expenditure as a proportion of GDP (%)
2006-07 (est)	38,500	30,208	39,899	108,607	9.9
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	7.5
2011-12 (proj)	31,000	27,845	48,520	107,365	7.3
2012-13 (proj)	30,000	31,995	50,509	112,504	7.3
2013-14 (proj)	30,000	35,379	54,825	120,204	7.4

Updated tax expenditure estimates will be published in the *2010 Tax Expenditures Statement*. This will include estimates for any new, revised or modified tax expenditures since the *2009 Tax Expenditures Statement*.

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