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 3.20 contains estimates of aggregate tax expenditures for the period from 2007-08 to 2014-15. These estimates are consistent with tax expenditure data reported in the *2010 Tax Expenditures Statement*. Changes in GDP forecasts have been reflected in the revised estimates of tax expenditures as a proportion of GDP.

Table 3.20: Total measured tax expenditures

Year	Housing $m	Superannuation $m	Other tax expenditures $m	Total $m	Tax expenditure as a proportion of GDP (%)
2007-08 (est)	41,000	38,965	45,875	125,840	10.7
2008-09 (est)	29,500	31,945	47,614	109,059	8.7
2009-10 (est)	39,000	26,972	46,932	112,904	8.7
2010-11 (est)	40,000	28,039	48,828	116,867	8.3
2011-12 (proj)	42,500	30,863	49,440	122,803	8.2
2012-13 (proj)	43,000	33,303	52,473	128,776	8.2
2013-14 (proj)	43,000	37,983	58,635	139,618	8.5
2014-15 (proj)	43,500	42,403	65,179	151,082	8.7

Updated tax expenditure estimates will be published in the *2011 Tax Expenditures Statement*. This will include estimates for any new, revised or modified tax expenditures since the *2010 Tax Expenditures Statement*.

Care needs to be taken when analysing tax expenditure data: see Section 2.5 of the *2010 Tax Expenditures Statement* for a detailed discussion.