

APPENDIX A: POLICY DECISIONS TAKEN SINCE THE 2011-12 BUDGET

Revenue Measures

Table 1: Revenue measures since the 2011-12 Budget^(a)

Page		2010-11 \$m	2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m
	AGRICULTURE, FISHERIES AND FORESTRY					
	<i>Department of Agriculture, Fisheries and Forestry</i>					
148	Changes to agricultural production levies	-	0.1	0.3	0.3	0.3
	Portfolio total	-	0.1	0.3	0.3	0.3
	ATTORNEY-GENERAL'S					
	<i>Attorney-General's Department</i>					
297	Personal Property Securities Register – additional funding(b)	-	-	-	-	-
	<i>Australian Customs and Border Protection Service</i>					
	Alternative fuels					
156	– continuing the existing arrangements for ethanol, biodiesel, renewable diesel and methanol	-	-10.0	-37.0	-35.0	-31.0
157	– deferred payment of fuel tax for LPG, LNG and CNG and carve-out of CNG home refuellers from the excise system	-	-	-	-	-
160	Clean Energy Future – Putting a Price on Pollution – aviation and non-transport gaseous fuels	-	-	..	..	..
149	European Space Agency agreement	-	-	-	-	-
	<i>Insolvency and Trustee Service Australia</i>					
299	Personal Property Securities Register – additional funding(b)	-	-3.5	0.6	0.6	8.1
	Portfolio total	-	-13.5	-36.4	-34.4	-22.9
	CLIMATE CHANGE AND ENERGY EFFICIENCY					
	<i>Clean Energy Regulator</i>					
	Clean Energy Future					
150	– Putting a Price on Pollution – revenue from sale of carbon units	-	-	7,690.0	8,610.0	9,200.0
151	– Putting a Price on Pollution – Voluntary Action Pledge Fund and GreenPower purchases	-	-	-	-	-
	Portfolio total	-	-	7,690.0	8,610.0	9,200.0
	EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS					
	<i>Department of Education, Employment and Workplace Relations</i>					
153	Education Services for Overseas Students – Tuition Protection Service Levy	-	-	6.3	6.3	6.3

Table 1: Revenue measures since the 2011-12 Budget^(a) (continued)

Page		2010-11 \$m	2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m
EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS (continued)						
224	Higher Education – reinstate Band 2 student contributions for mathematics, statistics and science units(c)	-	-	-	0.8	4.0
237	University of Notre Dame Australia – additional Commonwealth supported places(c)	-	-0.1	-0.2	-0.3	-0.3
	Portfolio total	-	-0.1	6.1	6.8	10.0
FOREIGN AFFAIRS AND TRADE						
<i>AusAID</i>						
248	Official Development Assistance – Australian Civilian Corps – deployments to Afghanistan(c)	-	-	-	-	-
	Portfolio total	-	-	-	-	-
HEALTH AND AGEING						
<i>Department of Health and Ageing</i>						
258	Pharmaceutical Benefits Scheme – new and amended listings(c)	-	nfp	nfp	nfp	nfp
	Portfolio total	-	-	-	-	-
IMMIGRATION AND CITIZENSHIP						
<i>Department of Immigration and Citizenship</i>						
154	Visa Pricing Transformation	-	5.9	53.9	276.7	276.8
	Portfolio total	-	5.9	53.9	276.7	276.8
INNOVATION, INDUSTRY, SCIENCE AND RESEARCH						
<i>Department of Innovation, Industry, Science and Research</i>						
302	Howe Leather – loan(b)	-	-	2.2	1.9	1.7
	Portfolio total	-	-	2.2	1.9	1.7
SUSTAINABILITY, ENVIRONMENT, WATER, POPULATION AND COMMUNITIES						
<i>Department of Sustainability, Environment, Water, Population and Communities</i>						
155	Clean Energy Future – Putting a Price on Pollution – synthetic greenhouse gases and ozone depleting substances	-	-	190.0	220.0	220.0
	Portfolio total	-	-	190.0	220.0	220.0
TREASURY						
<i>Australian Securities and Investments Commission</i>						
287	Clean Energy Future – Compliance(c)	-	*	*	*	*

Table 1: Revenue measures since the 2011-12 Budget^(a) (continued)

Page		2010-11 \$m	2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m
	TREASURY (continued)					
	<i>Australian Taxation Office</i>					
	Alternative fuels					
156	– continuing the existing arrangements for ethanol, biodiesel, renewable diesel and methanol	-	46.0	156.0	170.0	207.0
157	– deferred payment of fuel tax for LPG, LNG and CNG and carve-out of CNG home refuellers from the excise system	-	-	-	-	-
	Capital gains tax					
157	– amendment to include concessional treatment for revenue assets and trading stock	-	-	-	-	-
158	– relief for taxpayers affected by natural disasters	-	-	*	*	*
	Clean Energy Future					
159	– Helping Households – tax cuts and increased payments	-	-	-3,350.0	-2,370.0	-2,320.0
160	– Putting a Price on Pollution – aviation and non-transport gaseous fuels	-	-	250.0	320.0	350.0
150	– Putting a Price on Pollution – revenue from sale of carbon units	-	-	-	-	-
161	– Supporting Jobs – increase in the instant asset write-off threshold to \$6,500	-	-	-	-100.0	-100.0
161	Commissioner's discretion for primary production concessions	-	*	*	*	*
162	Consolidation – changes to the residual tax cost setting and rights to future income rules	-	-	-	-	-
163	Director penalty notices – ensuring ongoing validity	-	-	-	-	-
	Fringe benefits tax					
163	– reform of living-away-from-home allowances and benefits	-	-	218.0	222.0	242.0
164	– reform of the car fringe benefits rules – transitional change	..	3.0	5.0	..	..
	GST					
165	– treatment of appropriations	-	-	-	-	-
165	– treatment of new residential premises: minor changes	*	*	*	*	*
166	GST-free health supplies	-	-	*	*	*
166	Interest withholding tax – phase down for financial institutions – deferral	-	-	-	70.0	70.0
	International tax					
167	– Multilateral Convention on Mutual Administrative Assistance in Tax Matters	..	*	*	*	*
167	– tax information exchange agreements	-	-	*	*	*
167	Minerals Resource Rent Tax – lifting the exemption threshold	-	-	-20.0	-20.0	-20.0

Table 1: Revenue measures since the 2011-12 Budget^(a) (continued)

Page		2010-11 \$m	2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m
	TREASURY (continued)					
168	New R&D Tax Incentive – deferral	-	-1,030.0	270.0	-	-
168	New tax system for managed investment trusts and changes to the debt/equity integrity rules – deferral	-	*	-	50.0	20.0
248	Official Development Assistance – Australian Civilian Corps – deployments to Afghanistan(c)	-	-0.2	-0.2	-0.2	..
	Personal income tax					
169	– 50 per cent tax discount for interest income – deferral	-	-	-	275.0	205.0
169	– Dependent Spouse Tax Offset – phase-out	-	-	..	180.0	190.0
170	– standard deduction for work-related expenses and the cost of managing tax affairs – deferral	-	-	-	395.0	780.0
171	Philanthropy – updating the list of specifically listed deductible gift recipients	-	-0.1	-1.6	-1.7	-1.7
171	Resource tax reforms – minor amendments	-	-	*	*	*
172	Revision of profit allocation (transfer pricing) rules	-	-	-	-	-
173	Stronger Shipping for a Stronger Economy Superannuation	-	-	-6.5	2.8	3.7
174	– abolishing the maximum superannuation guarantee age limit	-	-	-	7.0	-7.0
174	– clarifying the operation of certain superannuation trust deed clauses	-	*	*	*	*
175	– concessional contributions caps – one year pause in indexation	-	-	-	360.0	125.0
175	– reduction in the minimum payment amounts for account-based pensions in 2012-13	-	-	-2.0	-5.0	-
	Tax compliance					
176	– countering fraudulent phoenix activity by company directors – deferral	-	..	-15.0	..	..
176	– increased data matching resources	-	-	174.2	145.4	116.7
177	Tax laws – minor amendments	-	*	*	*	*
177	Taxation of Financial Arrangements – amendments to ensure appropriate interactions between Stages 3 and 4 provisions and the consolidation regime	-	-	75.0	55.0	70.0
	<i>Clean Energy Finance Corporation</i>					
286	Clean Energy Finance Corporation(c)	-	-	-	-	88.6
	<i>Department of the Treasury</i>					
286	Australian Financial Centre Taskforce Secretariat(c)	-	0.2	-	-	-
214	Clean Energy Future – Supporting Energy Markets – Energy Security Fund(c)	-	-	-	6.1	19.4

Table 1: Revenue measures since the 2011-12 Budget^(a) (continued)

Page		2010-11	2011-12	2012-13	2013-14	2014-15
		\$m	\$m	\$m	\$m	\$m
	TREASURY (continued)					
291	Grant to Australasian Compliance Institute(c)	-	..	..	..	-
	Portfolio total	-	-981.1	-2,247.0	-238.6	38.7
	Decisions taken but not yet announced	-	28.5	41.5	46.7	48.7
	Total impact of revenue measures(d)	-	-960.1	5,700.4	8,889.5	9,773.2

* The nature of the measure is such that a reliable estimate cannot be provided.

.. Not zero, but rounded to zero.

- Nil.

nfp not for publication.

(a) A minus sign before an estimate indicates a reduction in revenue, no sign before an estimate indicates a gain in revenue.

(b) These measures can also be found in the capital measures summary table.

(c) These measures can also be found in the expense measures summary table.

(d) Measures may not add due to rounding.

AGRICULTURE, FISHERIES AND FORESTRY

Changes to agricultural production levies

Revenue (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Department of Agriculture, Fisheries and Forestry	-	0.1	0.3	0.3	0.3
<i>Related expense (\$m)</i>					
<i>Department of Agriculture, Fisheries and Forestry</i>	-	0.1	0.3	0.3	0.3

The Government will adjust the rates of the following agricultural production levies to meet changes in the funding needs of the agricultural industry organisations they support:

- Deer slaughter levy: decrease from 10.5 to 8 cents per kilogram with effect from 1 October 2011, and re-apportion the amount payable towards research and development and residue testing, with effect from 1 July 2012.
- Dairy levy: increase from 0.0373 to 0.0580 cents per kilogram of milk fat, and from 0.0880 to 0.1385 cents per kilogram of protein, with effect from 1 January 2012.
- Potato levy: re-apportion the levy amounts payable towards research and development and plant health programs with effect from 1 January 2012.
- Vegetable levy and export charge: re-apportion the levy and export charge amounts payable towards research and development and plant health programs with effect from 1 January 2012.
- Emergency plant pest response levy: introduce a zero-rate emergency plant pest response levy on vegetables and unprocessed potatoes, with effect from 1 January 2012.

These changes to agricultural production levies were initiated by industry representative organisations. All revenue raised by the levies is provided directly to fund industry research and development or marketing programs. The Government will also continue to provide funding to match levies for research and development up to a cap, in accordance with existing co-investment arrangements.

ATTORNEY-GENERAL'S

European Space Agency agreement

Revenue (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Australian Customs and Border Protection Service	-	-	-	-	-

The Government has renewed the *Agreement between the Government of Australia and the European Space Agency for a Co-operative Space Vehicle Tracking Program*. The agreement provides customs duties concessions for imports of equipment by the Agency. The new agreement has no revenue impact.

CLIMATE CHANGE AND ENERGY EFFICIENCY

Clean Energy Future — Putting a Price on Pollution — revenue from sale of carbon units

Revenue (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Clean Energy Regulator	-	-	7,690.0	8,610.0	9,200.0
Australian Taxation Office	-	-	-	-	-
Total - Revenue	-	-	7,690.0	8,610.0	9,200.0
<i>Related expense (\$m)</i>					
Australian Taxation Office	-	1.1	1.6	2.5	2.3
Department of the Treasury	-	-	-	-	-
Total - Expense	-	1.1	1.6	2.5	2.3

The Government will place an explicit price on greenhouse gas emissions through the carbon pricing mechanism. The Government will raise an estimated \$25.5 billion in revenue over the forward estimates period from the sale of carbon units which will be used to help households, industry, community organisations, workers and regions adjust to the carbon price. In underlying cash terms, the estimated increase in receipts is \$17.8 billion over the forward estimates period. The difference between the cash and accrual numbers is largely due to the allocation of free carbon units under the Jobs and Competitiveness Program and the Energy Security Fund.

In general, entities with 25,000 tonnes or more of carbon dioxide equivalent emissions each year will be liable under the scheme. A liability will also apply to natural gas suppliers for emissions embodied in certain natural gas supplies. The carbon pricing mechanism will have broad coverage of emission sources from commencement, encompassing: stationary energy; industrial processes; fugitive emissions (other than from decommissioned coal mines) and emissions from non-legacy waste.

Liable entities will surrender a carbon unit for every tonne of greenhouse gas they emit. During the first three years of the scheme, carbon units will be sold by the government at a fixed price of \$23.00 per tonne in 2012-13, \$24.15 in 2013-14 and \$25.40 in 2014-15.

The scheme will transition to a flexible price from 2015-16 and be linked to the international market. Under the flexible price an overall limit (or pollution cap) will be placed on annual greenhouse gas emissions from all covered sources of pollution.

The Government will make supplies of carbon units and other eligible emissions units GST-free, subject to the agreement of all the States and Territories. This will have no revenue impact and no impact on GST payments to the States and Territories over the forward estimates period.

There will be an expense of \$7.4 million over the forward estimates period for the Australian Taxation Office to administer the changes to the income tax law for the treatment of all carbon units and other emissions units that are registered on the Australian National Register of Emissions Units.

This measure delivers on the Government's plan for a clean energy future.

Further information can be found in the joint press release of 10 July 2011 issued by the Prime Minister, the Deputy Prime Minister and Treasurer and the Minister for Climate Change and Energy Efficiency.

The estimate for this measure varies from those published in the Explanatory Memorandum for the clean energy legislation as a result of updated data and methodological improvements relating to liquid fuels.

Clean Energy Future — Putting a Price on Pollution — Voluntary Action Pledge Fund and GreenPower purchases

Revenue (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Clean Energy Regulator	-	-	-	-	-
<i>Related expense (\$m)</i>					
<i>Department of Climate Change and Energy Efficiency</i>	-	0.9	0.7	0.5	0.4

The Government will recognise the purchase of accredited GreenPower products by households and businesses from the commencement of the carbon pricing mechanism as voluntary action. This will help drive an increased supply of renewable energy and assist in the transition to cleaner energy sources.

To ensure voluntary action will make a net contribution to Australia's emissions reduction activities, the Government will take it into account when setting scheme caps. In the fixed price period of the carbon pricing mechanism, the Government will measure GreenPower purchases on an annual basis and take these into account when setting the initial pollution caps. From 2015-16 the Government will measure GreenPower purchases on an annual basis and directly take these into account when setting the caps five years into the future.

The Government will also provide \$2.4 million over four years to Low Carbon Australia Limited for the establishment of a Pledge Fund from the commencement of the carbon pricing mechanism to help individuals access the carbon market and voluntarily cancel emissions units including Australian carbon permits, Kyoto compliant and non-Kyoto compliant Australian carbon credit units, and eligible international units. Contributions to the Pledge Fund will be tax deductible, following the completion of administrative arrangements necessary for the entry of the Fund onto the Register of Environmental Organisations.

Appendix A: Policy decisions taken since the 2011-12 Budget

Further information can be found in the Government's plan for a clean energy future released on 10 July 2011.

EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS

Education Services for Overseas Students — Tuition Protection Service Levy

Revenue (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Department of Education, Employment and Workplace Relations	-	-	6.3	6.3	6.3
<i>Related expense (\$m)</i>					
<i>Department of Education, Employment and Workplace Relations</i>	-	-	6.3	6.3	6.3

The Government will introduce an annual Tuition Protection Service (TPS) Levy for all providers of education to international students from 1 January 2013. Revenue from the TPS Levy, expected to be \$18.9 million over the forward estimates, will be paid into an Overseas Students Tuition Fund (OSTF) to support international students displaced by provider closure to either finish their training with an alternative provider or provide refunds where this is not possible. The OSTF will form part of the Government's new Tuition Protection Framework established in response to the review of the *Education Services for Overseas Students (ESOS) Act 2000* and will replace both the ESOS Assurance Fund and state based tuition assurance schemes.

See also the related expense measure titled *Education Services for Overseas Students – Tuition Protection Service – implementation*.

IMMIGRATION AND CITIZENSHIP

Visa Pricing Transformation

Revenue (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Department of Immigration and Citizenship	-	5.9	53.9	276.7	276.8
<i>Related expense (\$m)</i>					
<i>Department of Immigration and Citizenship</i>	-	7.4	23.3	17.6	11.5
<i>Related capital (\$m)</i>					
<i>Department of Immigration and Citizenship</i>	-	9.3	24.5	5.8	0.8

The Government will restructure visa application charges (VACs) bringing them into line with international benchmarks, increasing revenue by \$613.3 million over four years. This measure is also intended to encourage online processing, resulting in a more efficient and sustainable visa processing system.

Where it doesn't already occur, charging for all visa applications will take place on an individual rather than on an application basis. Charges will also be introduced for the following circumstances: additional dependents, subsequent onshore applications, 457 visa duration, visa labels, and lodging paper applications where an online facility is available. Changes to the validity period for Resident Return Visas will also be reduced from five years to one year where the permanent visa holder has not lived in Australia for more than two of the last five years.

Base VACs will increase by at least the Consumer Price Index (CPI), with the exception of student visas (where the base VAC will decrease by five per cent) to support the competitiveness of Australia's international education sector, in line with the recommendations of the Knight Review.

The measure will be implemented in three phases, with base VAC increases for benchmarked subclasses coming into effect on 1 January 2012; CPI adjustments to the remainder of the visa subclasses and visa evidence charges from 1 July 2012; and the remaining surcharges from 1 July 2013. Humanitarian visas will not be affected by these changes.

The Government will provide \$100.1 million (including \$40.4 million in capital funds) over four years to implement requisite information technology changes and support business processes.

See also the related expense measure titled *Student Visa Simplification*.

A list of visa application charges is available on the Department of Immigration and Citizenship website: www.immi.gov.au.

SUSTAINABILITY, ENVIRONMENT, WATER, POPULATION AND COMMUNITIES

Clean Energy Future — Putting a Price on Pollution — synthetic greenhouse gases and ozone depleting substances

Revenue (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Department of Sustainability, Environment, Water, Population and Communities	-	-	190.0	220.0	220.0
<i>Related expense (\$m)</i>					
<i>Department of Sustainability, Environment, Water, Population and Communities</i>	-	1.0	2.2	25.7	31.1
<i>Related capital (\$m)</i>					
<i>Department of Sustainability, Environment, Water, Population and Communities</i>	-	..	-	-	-

The Government will apply an effective carbon price on Kyoto protocol synthetic gases (hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride) by increasing the levies applied to importers and producers of such gases.

The levy will be set one year in advance and will apply on the basis of the tonnes of carbon dioxide equivalent of these gases. In the first three years, the rate of the levy will be the fixed carbon price. Under the flexible price from 2015-16, the rate will be the benchmark permit auction price of the previous financial year.

The measure will have a gain to revenue estimated to be \$630.0 million over the forward estimates. The Government will also provide \$60.0 million over four years (and \$37.9 million in 2015-16) for the Department of Sustainability, Environment, Water, Population and Communities to manage the new arrangements, provide refunds where the synthetic greenhouse gas is destroyed rather than emitted into the atmosphere, and pay the operators of the destruction facilities for the destruction of greenhouse gases.

Further information can be found in the Government's plan for a clean energy future released on 10 July 2011.

TREASURY

Alternative fuels — continuing the existing arrangements for ethanol, biodiesel, renewable diesel and methanol

Revenue (\$m)

	2010-11	2011-12	2012-13	2013-14	2014-15
Australian Taxation Office	-	46.0	156.0	170.0	207.0
Australian Customs and Border Protection Service	-	-10.0	-37.0	-35.0	-31.0
Total - Revenue	-	36.0	119.0	135.0	176.0

Related expense (\$m)

<i>Department of Resources, Energy and Tourism</i>	-	77.8	170.5	173.6	200.3
<i>Australian Taxation Office</i>	-	-38.5	-35.6	-17.8	2.5
<i>Total - Expense</i>	-	39.3	134.9	155.8	202.8

The Government will allow the existing concessional excise and grant arrangements for ethanol, biodiesel, renewable diesel and methanol to continue to apply. These arrangements will be reviewed after 30 June 2021.

The Australian Taxation Office will continue to administer grants for biodiesel and renewable diesel, whilst the Ethanol Production Grant Program will be delivered by the Department of Resources, Energy and Tourism from 1 December 2011. Consistent with this, funding for the ethanol grants has been transferred from the Australian Taxation Office to the Department of Resources, Energy and Tourism.

This measure is estimated to cost \$66.8 million over the forward estimates period.

Further information can be found in the press release of 12 May 2011 issued by the Assistant Treasurer.

Alternative fuels — deferred payment of fuel tax for LPG, LNG and CNG and carve-out of CNG home refuellers from the excise system

Revenue (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Australian Taxation Office	-	-	-	-	-
Australian Customs and Border Protection Service	-	-	-	-	-
Total - Revenue	-	-	-	-	-

The Government will simplify the operation of the alternative fuels package by amending the tax laws, with effect from 1 December 2011 to:

- defer the obligation to remit excise and excise-equivalent customs duty on liquefied petroleum gas (LPG), liquefied natural gas (LNG), and compressed natural gas (CNG) by six business days to align with current business administrative practices;
- make minor changes to ensure that the system of periodic settlement permissions operates as intended;
- exempt from excise people using small, domestic CNG refuellers to fuel their vehicles to ensure that they are not inadvertently brought into the system;
- confirm that entitlements to fuel tax credits are available to LPG distributors in a wider range of circumstances; and
- ensure that the content of notices to accompany the supply of LPG for non-transport use is prescribed only in regulations.

This measure has no revenue impact in fiscal balance terms over the forward estimates period. In underlying cash terms, the estimated cost to revenue is \$6.5 million over this period.

Capital gains tax — amendment to include concessional treatment for revenue assets and trading stock

Revenue (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Australian Taxation Office	-	-	-	-	-

The Government will make it easier for unit trusts to restructure their affairs in cases where they interpose a company, so that taxpayers hold shares in the company rather than units in the trust. The Government will do this by allowing taxpayers who hold units in the trust as revenue assets or trading stock to defer the realisation of a profit or loss on their units until they dispose of the replacement shares.

This will make it consistent with the treatment of taxpayers whose units are taxed according to the capital gains tax (CGT) provisions, who are able to defer the CGT consequences arising from this type of restructure.

This measure will have effect from 7.30pm (AEST) on 10 May 2011 and has no revenue impact.

Capital gains tax — relief for taxpayers affected by natural disasters

Revenue (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Australian Taxation Office	-	-	*	*	*

The Government will remove capital gains tax (CGT) impediments to taxpayers participating in an Australian government agency (Commonwealth, State, Territory or local) program that provides replacement assets to taxpayers that have been affected by a natural disaster. The measure generally applies to CGT events happening on or after 1 July 2011, and will have an unquantifiable but small revenue impact over the forward estimates period.

This measure allows taxpayers to access a CGT exemption on their original assets that are replaced under the program, and to obtain a market value cost base for their new asset where they make that choice.

The measure also provides relief to disaster affected taxpayers who participate in a land swap program and for taxpayers whose main residence has been accidentally destroyed.

Further information can be found in the press release of 9 October 2011 issued by the Assistant Treasurer.

Clean Energy Future — Helping Households — tax cuts and increased payments

Revenue (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Australian Taxation Office	-	-	-3,350.0	-2,370.0	-2,320.0
<i>Related expense (\$m)</i>					
<i>Department of Families, Housing, Community Services and Indigenous Affairs</i>	-	1,126.7	553.6	1,565.2	1,638.8
<i>Department of Education, Employment and Workplace Relations</i>	-	255.0	121.9	255.7	226.3
<i>Department of Veterans' Affairs</i>	-	94.4	35.9	121.7	118.9
<i>Department of Human Services</i>	-	36.9	43.6	30.6	23.6
<i>Department of Health and Ageing</i>	-	0.2	-	-	-
<i>Total - Expense</i>	-	1,513.1	755.0	1,973.2	2,007.6
<i>Related capital (\$m)</i>					
<i>Department of Veterans' Affairs</i>	-	4.5	-	-	-
<i>Department of Human Services</i>	-	1.8	3.7	3.2	0.7
<i>Total - Capital</i>	-	6.3	3.7	3.2	0.7

The Government will provide \$14.3 billion over four years to assist households meet additional costs under a carbon price through a significant tax reform package and increases to payments including pensions, allowances and Family Tax Benefit (FTB).

The \$8.0 billion tax reform package will comprise:

- An increase in the statutory tax-free threshold from \$6,000 to \$18,200 from 1 July 2012, and to \$19,400 from 1 July 2015 and related adjustments to the Low Income Tax Offset (LITO) and statutory marginal tax rates and thresholds; and
- Adjustments to a number of personal income tax offsets and concessions, and certain Medicare levy exemption thresholds will be increased, to ensure that nobody pays more tax as a result of changes to the statutory rates and thresholds.

As a result of this reform package, over a million low income earners will no longer need to lodge an income tax return. From 1 July 2012, every taxpayer earning up to \$80,000 a year will receive a tax cut, with most getting at least \$300 annually. The second round of tax cuts from 1 July 2015 will increase this annual saving for most taxpayers earning below \$80,000 a year to at least \$380.

The \$6.3 billion increase to payments will comprise:

- A rise in pensions, allowances and FTB equivalent to 1.7 per cent of the maximum rates of each payment, with the base rate of FTB Part A also rising by 1.7 per cent. This assistance will first be delivered through a one-off, tax-exempt, lump sum, Clean Energy Advance from May-June 2012. After this, increases in assistance will be delivered as a new Clean Energy Supplement, paid as part of regular payment cycles.
- A new Single Income Family Supplement of \$300 per year, paid to families where a primary income earner has a taxable income between \$68,000 and \$150,000. This recognises that single income families receive less assistance through tax cuts than dual income families on similar incomes.
- A new Low Income Supplement of \$300 per year claimable for low-income households that do not receive sufficient assistance through tax cuts and payment increases to cover their average expected price impact.

See also related expense measures titled *Clean Energy Future – Helping Households – Residential Aged Care* and *Clean Energy Future – Helping Households – Essential Equipment Payment*.

This measure delivers on the Government's plan for a clean energy future.

Further information can be found in the joint press release of 10 July 2011 issued by the Prime Minister, the Deputy Prime Minister and Treasurer, Minister for Families, Housing, Community Services and Indigenous Affairs and the Minister for Climate Change and Energy Efficiency, and on the Clean Energy Future website at www.cleanenergyfuture.gov.au.

Clean Energy Future — Putting a Price on Pollution — aviation and non-transport gaseous fuels

Revenue (\$m)

	2010-11	2011-12	2012-13	2013-14	2014-15
Australian Taxation Office	-	-	250.0	320.0	350.0
Australian Customs and Border Protection Service	-	-	..	..	..
Total - Revenue	-	-	250.0	320.0	350.0

The Government will apply an effective carbon price on aviation and non-transport gaseous fuels by increasing the excise and excise-equivalent customs duties on these fuels, proportional to the relevant emission rates. The measure will have a gain to revenue estimated to be \$920.0 million over the forward estimates period.

The increase in excise and excise-equivalent customs duties will ensure that aviation fuel and non-transport gaseous fuels are subject to an effective carbon charge.

The Government will also allow large users of aviation fuel to opt into the carbon pricing mechanism instead of paying the equivalent carbon price through the fuel tax system.

This measure delivers on the Government's plan for a clean energy future.

Further information can be found in the joint press release of 10 July 2011 issued by the Prime Minister, Deputy Prime Minister and Treasurer and the Minister for Climate Change and Energy Efficiency.

The estimate for this measure varies from those published in the Explanatory Memorandum for the clean energy legislation as a result of updated data and methodological improvements relating to liquid fuels.

Clean Energy Future — Supporting Jobs — increase in the instant asset write-off threshold to \$6,500

Revenue (\$m)

	2010-11	2011-12	2012-13	2013-14	2014-15
Australian Taxation Office	-	-	-	-100.0	-100.0

The Government will allow small businesses to immediately write off depreciating assets costing less than \$6,500. This measure will take effect from the 2012-13 income year. This measure will have an ongoing cost to revenue estimated to be \$200.0 million over the forward estimates period.

This builds on the Government's previous announcement to increase the threshold for assets that small businesses can immediately write off from \$1,000 to \$5,000. The additional increase of the threshold amount to \$6,500 will help to further improve cash flow for Australia's 2.7 million small businesses, by allowing them a greater up-front deduction for assets necessary to run and grow their businesses.

Further information can be found in the press release of 10 July 2011 issued by the Deputy Prime Minister and Treasurer, the Minister for Climate Change and Energy Efficiency and the Minister for Small Business.

Commissioner's discretion for primary production concessions

Revenue (\$m)

	2010-11	2011-12	2012-13	2013-14	2014-15
Australian Taxation Office	-	*	*	*	*

The Government will provide the Commissioner of Taxation with discretion to disregard certain disentitling events (for example, when a beneficiary becomes insolvent) that would otherwise trigger the assessment of certain income for a primary production trust, in the year of the event. This measure is favourable to taxpayers and will apply retrospectively from the 2005-06 income year. This measure will have an unquantifiable but small cost to revenue over the forward estimates period.

In addition, death of a beneficiary will be removed as a disentitling event as it is difficult to contemplate circumstances where it would be appropriate for the Commissioner to exercise an unfavourable discretion.

Consolidation — changes to the residual tax cost setting and rights to future income rules

Revenue (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Australian Taxation Office	-	-	-	-	-

The Government will modify the operation of the consolidation residual tax cost setting and rights to future income rules, with effect from 1 July 2002. This measure has no revenue impact, but will protect a significant amount of revenue that otherwise would be at risk over the forward estimates period.

Changes to the operation of the consolidation residual tax cost setting and rights to future income rules were made in May 2010 based on a policy announcement in 2005. These changes applied from the start of the consolidation regime in 2002. Shortly after passage, it became apparent that the rules were operating in a way that was broader than intended. As a result, in March 2011, the Board of Taxation (the Board) was asked to review the rules. The Board subsequently confirmed this position.

Under this measure, different changes will apply in the pre-12 May 2010 period (when the changed rules received Royal Assent), the post-30 March 2011 period (when the Board was asked to review the rules), and the intervening transitional period:

- as the May 2010 changes applied from the start of the consolidation regime, some further changes to reduce the scope of the rules (the pre-12 May 2010 period changes) need to apply from that date;
- the transitional period changes clarify the May 2010 law and protect taxpayers who entered into transactions based on that law; and
- the post-30 March 2011 period changes refine the tax cost setting rules to increase certainty for taxpayers and make the outcomes for companies that have consolidated more consistent with those outside consolidation and consistent with Board of Tax recommendations.

Director penalty notices — ensuring ongoing validity

Revenue (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Australian Taxation Office	-	-	-	-	-

The Government will ensure the ongoing validity of certain director penalty notices (DPNs), notwithstanding the New South Wales Court of Appeal decision in *Soong v Deputy Commissioner of Taxation* [2011] NSWCA 26 (*Soong*). This measure has no revenue impact.

A DPN is a notice issued by the Commissioner of Taxation to the director of a company which has failed to remit Pay As You Go withholding amounts. A DPN advises the director that they may become personally liable to pay a penalty equal to their company's unpaid amount, unless they cause the company to pay this amount, or take certain other actions, within a prescribed period.

This measure will make sure that no DPNs issued between 10 December 2007 and 30 June 2010 can be invalidated because of the decision in *Soong*, as this measure will restore the Commissioner of Taxation's understanding of the law at the time the affected DPNs were issued.

Fringe benefits tax — reform of living-away-from-home allowances and benefits

Revenue (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Australian Taxation Office	-	-	218.0	222.0	242.0
<i>Related expense (\$m)</i>					
Australian Taxation Office	-	0.5	1.9	2.3	2.0
Department of the Treasury	-	-	-2.0	-3.0	-3.0
Total - Expense	-	0.5	-0.1	-0.7	-1.0

The Government will act to stop the misuse of the tax exemption for living-away-from-home allowances and benefits by:

- requiring individuals to substantiate their actual expenditure on accommodation, and food beyond a statutory amount; and
- limiting access to the tax concession for temporary residents to those who maintain a home for their own use in Australia that they are living away from for work. This change will ensure that a level playing field exists between temporary residents and permanent residents.

Permanent residents will not be affected by these reforms, unless they are receiving living-away-from-home allowance in excess of their actual expenses. The reforms will not prevent temporary residents who are 'fly-in fly-out' workers in Australia from accessing the tax concession, and will not affect employees who receive allowances for having to travel from their usual place of work for short periods.

The reforms will apply from 1 July 2012 for both new and existing arrangements.

The Government will undertake an extensive consultation process on these reforms over the coming months, so it can put in place appropriate transitional arrangements. This may be particularly relevant for some sectors, such as the community sector.

This measure will have a gain estimated to be \$683.3 million over the forward estimates period.

This reform progresses another recommendation of the *Australia's Future Tax System Review*, and continues the process of tax reform started in May last year with the release of the Government's *Stronger, Fairer, Simpler* package of reforms. Widespread exploitation of this tax concession was one of the issues raised at the Tax Forum held earlier this year.

Fringe benefits tax — reform of the car fringe benefits rules — transitional change

Revenue (\$m)

	2010-11	2011-12	2012-13	2013-14	2014-15
Australian Taxation Office	..	3.0	5.0	..	..

Related expense (\$m)

Department of the Treasury	-	-	-	-	-
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The Government announced in the 2011-12 Budget that it would reform the current statutory formula method for determining the taxable value of car fringe benefits by replacing the current statutory rates with a single statutory rate of 20 per cent that applies regardless of distance travelled. This reform applies to new contracts entered into after 7:30pm (AEST) on 10 May 2011, and will be phased-in over four years.

Following consultation, the Government agreed to allow employers to elect to skip the announced transitional arrangements, which will allow them to apply the 20 per cent flat statutory rate straight away. This is in recognition that a reduction in compliance costs from skipping the transitional arrangements may outweigh any increase in fringe benefits tax liability.

The opt-in to the new rules only applies to new contracts. Arrangements entered into prior to Budget night cannot benefit from this change. Further, an election to opt-in to the new rules is not effective without the consent of affected employees in cases where an employee would be directly worse off as a result of their employer making the election.

This measure will have a gain to revenue estimated to be \$8.0 million over the forward estimates period.

This measure was included in *Tax Laws Amendment (2011 Measures No. 5) Act 2011*.

GST — treatment of appropriations

Revenue (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Australian Taxation Office	-	-	-	-	-
<i>Related expense (\$m)</i>					
<i>Department of the Treasury</i>	-	-	-	-	-

The Government will amend the goods and services tax (GST) law to clarify the GST treatment of payments under an appropriation with effect from 1 July 2012. The amendment will ensure that payments under an appropriation relating to the non-commercial activities of government related entities will not be subject to GST, such as funding payments to public schools and funding of public hospitals.

This measure will restore the policy intent of the GST following the decision of the Full Federal Court of Australia in *TT-Line Co Pty Ltd v FCT* [2009] FCAFC 178. The measure has no revenue impact and no impact on GST payments to the States and Territories, as the legislative amendment restores the status quo.

GST — treatment of new residential premises: minor changes

Revenue (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Australian Taxation Office	*	*	*	*	*
<i>Related expense (\$m)</i>					
<i>Department of the Treasury</i>	*	*	*	*	*

The Government will amend the start date of the 2011-12 Budget measure *GST — treatment of new residential premises* so that it does not apply to sales of residential premises prior to 27 January 2011.

The Government will extend transitional relief for developers who were commercially committed before 27 January 2011 to arrangements to develop premises.

The Government will also amend the GST law to make it clear that premises that become new residential premises because of substantial renovations or because they have been built to replace demolished premises, cease to be new residential premises once they are sold or supplied by way of long term lease.

This measure will have an unquantifiable but small revenue impact over the forward estimates period.

GST-free health supplies

Revenue (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Australian Taxation Office	-	-	*	*	*
<i>Related expense (\$m)</i>					
<i>Department of the Treasury</i>	-	-	*	*	*

The Government will amend the goods and services tax (GST) law to ensure that certain supplies of health related goods and services made under multi-party arrangements will be GST-free with effect from 1 July 2012. This follows the decision of the Full Federal Court in *Commissioner of Taxation v Secretary to the Department of Transport (Victoria)* [2010] FCAFC 84 and the 2011-12 Budget measure which focused on the GST treatment of certain supplies made to health insurers.

This measure will have an unquantifiable revenue impact and therefore a corresponding unquantifiable impact on GST payments to the States and Territories.

Interest withholding tax — phase down for financial institutions — deferral

Revenue (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Australian Taxation Office	-	-	-	70.0	70.0

The Government will defer the commencement of the 2010-11 Budget measure *Stronger, fairer, simpler tax reform – phasing down the interest withholding tax (IWT) on financial institutions* by one year.

As a result of this deferral:

- The IWT rate applying to foreign bank branches will be reduced from the current 5 per cent to 2.5 per cent in 2014-15 and to zero from 2015-16; and
- The IWT rate for other financial institutions will be reduced from 10 per cent to 7.5 per cent in 2014-15 and to 5 per cent from 2015-16.

This measure will have a gain to revenue estimated to be \$140.0 million over the forward estimates period.

Further information can be found in the press release of 23 November 2011 issued by the Assistant Treasurer.

International tax — Multilateral Convention on Mutual Administrative Assistance in Tax Matters

Revenue (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Australian Taxation Office	..	*	*	*	*

The Government has signed the Multilateral Convention on Mutual Administrative Assistance in Tax Matters. The Convention allows for the exchange of taxpayer information between signatories as well as for assistance in the recovery of taxes and for the service of documents.

This measure will have an ongoing unquantifiable but small increase in revenue over the forward estimates period.

International tax — tax information exchange agreements

Revenue (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Australian Taxation Office	-	-	*	*	*

The Government has signed tax information exchange agreements with Andorra, Costa Rica, Liberia, Liechtenstein and Macao. This measure will have an ongoing unquantifiable but small increase in revenue over the forward estimates period.

This measure allows for the exchange of information in relation to Australia's federal taxes and the taxes of each respective country.

Australia has now signed 32 tax information exchange agreements.

Minerals Resource Rent Tax — lifting the exemption threshold

Revenue (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Australian Taxation Office	-	-	-20.0	-20.0	-20.0

The Government will increase the level at which the Minerals Resource Rent Tax (MRRT) low profit offset applies from \$50 million to \$75 million. The Government will also extend the level at which the offset phases out from \$100 million to \$125 million.

A miner that has group MRRT mining profits less than or equal to \$75 million will not be liable to pay any MRRT. A miner that has group MRRT mining profits of more than \$75 million, but less than \$125 million, will not be liable to pay MRRT at the full rate.

This measure will have a cost to revenue estimated to be \$60.0 million over the forward estimates period.

New R&D Tax Incentive — deferral

Revenue (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Australian Taxation Office	-	-1,030.0	270.0	-	-
<i>Related expense (\$m)</i>					
Australian Taxation Office	-720.0	-	-	-	-

The Government deferred the commencement of the new Research and Development (R&D) Tax Incentive by 12 months. The new incentive has started and applies to income years commencing on or after 1 July 2011. The overall cost of the measure is broadly revenue neutral over the forward estimates. The measure will have a cost to revenue estimated to be \$760.0 million over two years. The measure is also estimated to decrease Government expenditure by \$720.0 million in 2010-11 through lower refundable offset outlays. The impact of this measure on cash expenses will occur one year later than shown in the table.

When announced in the 2009-10 Budget, the new incentive was to have commenced from income years commencing on or after 1 July 2010. The deferral is due to delays in the passage of the legislation through Parliament.

The change means that the old R&D Tax Concession will continue to apply to income years commencing prior to 1 July 2011. The net impact of this measure on the Budget is \$40 million across the forward estimates period.

New tax system for managed investment trusts and changes to the debt/equity integrity rules — deferral

Revenue (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Australian Taxation Office	-	*	-	50.0	20.0

The Government will defer the start date of the new tax system for managed investment trusts (MITs) by a further 12 months to 1 July 2013. This measure was first announced in the 2010-11 Budget. This measure will have a gain to revenue estimated to be \$70.0 million over the forward estimates period.

The Government will also defer the 'equity purpose and effect' element of the 2011-12 Budget measure *Debt/equity tax rules – clarification of the scope of an integrity provision* until the commencement of the new tax system for MITs. This measure will have a small, but unquantifiable impact in 2011-12.

These deferrals will allow the Government additional time to consult with MITs and other parts of the financial services industry about how to best implement the elements of the package, particularly in order to make Australia's MITs system internationally competitive.

Personal income tax — 50 per cent tax discount for interest income — deferral

Revenue (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Australian Taxation Office	-	-	-	275.0	205.0
<i>Related expense (\$m)</i>					
<i>Department of Veterans' Affairs</i>	-	-	-0.1	-0.1	-
<i>Department of Health and Ageing</i>	-	-	-0.6	-1.3	-
<i>Department of Education, Employment and Workplace Relations</i>	-	-	-1.2	-1.0	-
<i>Department of Families, Housing, Community Services and Indigenous Affairs</i>	-	-	-15.9	-13.3	-
<i>Department of Human Services</i>	-	-0.9	-1.7	1.4	-
<i>Australian Taxation Office</i>	-	-6.4	-6.1	4.0	-
<i>Total - Expense</i>	-	-7.3	-25.6	-10.3	-
<i>Related capital (\$m)</i>					
<i>Australian Taxation Office</i>	-	-	-4.3	4.3	-

The Government will further defer the commencement of the 2010-11 Budget measure *Stronger, fairer, simpler tax reform – 50 per cent discount for interest income* (as amended in the 2010-11 MYEFO) by 12 months, to now commence on 1 July 2013.

The Government's public consultation process revealed concerns with the complexity involved in calculating the discount. The Government will take the opportunity provided by delaying this measure to give further consideration to implementation issues and further consult with industry and stakeholders.

This measure will have a gain estimated to be \$523.2 million over the forward estimates period.

Personal income tax — Dependent Spouse Tax Offset — phase-out

Revenue (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Australian Taxation Office	-	-	..	180.0	190.0

The Government will phase-out the dependent spouse tax offset (DSTO) for taxpayers with a dependant spouse born on or after 1 July 1952, from 1 July 2012.

This measure extends the 2011-12 Budget measure, announced as part of the *Building Australia's Workforce* package, to phase-out the DSTO for taxpayers with a dependant spouse born on or after 1 July 1971.

Appendix A: Policy decisions taken since the 2011-12 Budget

Taxpayers who are eligible for the zone, overseas forces and overseas civilian tax offsets or whose spouse is an invalid, permanently disabled or a carer will not be affected by this change.

This measure will have a gain to revenue estimated to be \$370.0 million over the forward estimates period.

This reform builds on the reform announced in the 2011-12 Budget which progressed another recommendation of the *Australia's Future Tax System Review*, and continues the process of tax reform started in May last year with the release of the Government's *Stronger, Fairer, Simpler* package of reforms.

Personal income tax — standard deduction for work-related expenses and the cost of managing tax affairs — deferral

Revenue (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Australian Taxation Office	-	-	-	395.0	780.0
<i>Related expense (\$m)</i>					
<i>Department of Health and Ageing</i>	-	-	-0.5	-1.2	-
<i>Department of Education, Employment and Workplace Relations</i>	-	-	-2.7	-7.7	-
<i>Department of Families, Housing, Community Services and Indigenous Affairs</i>	-	-	-57.6	-90.6	-
<i>Department of Human Services</i>	-	-0.7	0.1	-0.8	-
<i>Australian Taxation Office</i>	-	-1.9	-18.0	-16.8	-
<i>Total - Expense</i>	-	-2.6	-78.7	-117.1	-
<i>Related capital (\$m)</i>					
<i>Australian Taxation Office</i>	-	-	-11.4	11.4	-

The Government will defer the commencement of the 2010-11 Budget measure *Stronger, fairer, simpler tax reform – standard deduction for work-related expenses and the cost of managing tax affairs* by 12 months, to now commence on 1 July 2013.

This measure will have a gain estimated to be \$1.4 billion over the forward estimates period.

Philanthropy — updating the list of specifically listed deductible gift recipients

Revenue (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Australian Taxation Office	-	-0.1	-1.6	-1.7	-1.7
<i>Related expense (\$m)</i>					
<i>Department of Education, Employment and Workplace Relations</i>	-	-0.1	-0.8	-0.8	-0.8
<i>Related capital (\$m)</i>					
<i>Department of Defence</i>	-	-	-0.8	-0.8	-0.8

Since the 2011-12 Budget, the following organisations have been approved as deductible gift recipients (DGRs):

- The Tax Studies Institute, from 1 July 2012;
- Cancer Australia Gift Fund, from 9 June 2011;
- the AE1 Foundation, from 26 September 2011 to 26 September 2014; and
- the Trustee for Rhodes Trust In Australia, from 21 October 2011.

Taxpayers may claim an income tax deduction for certain gifts of money or property to DGRs. This measure will have a cost to revenue estimated to be \$5.1 million over the forward estimates period.

The cost of this measure has been fully offset from reductions in the Treasury, Defence, and Education portfolio expenses.

See also the related expense measure titled *Establishment of a Tax Studies Institute*.

Resource tax reforms — minor amendments

Revenue (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Australian Taxation Office	-	-	*	*	*

The Government has made minor amendments to the 2010-11 MYEFO measure *Stronger, fairer, simpler – improved resource taxation arrangements*. These include rules clarifying who the Minerals Resource Rent Tax taxpayer is in different circumstances, and general anti-avoidance provisions.

The Government has also allowed Petroleum Resource Rent Tax taxpayers to consolidate the interests they hold within an onshore petroleum project.

These changes were included in the Bills that passed the House of Representatives on 23 November 2011.

This measure will have an unquantifiable but small revenue impact over the forward estimates period.

Revision of profit allocation (transfer pricing) rules

Revenue (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Australian Taxation Office	-	-	-	-	-

The Government will introduce amendments to the income tax law to better align Australia's transfer pricing rules with international best practice, improving the integrity and efficiency of the tax system.

In 2010, the OECD published new *Transfer Pricing Guidelines*, which significantly revised the international standard for transfer pricing rules. A recent court decision (*SNF Australia v Commissioner of Taxation*) has highlighted some of the difficulties for Australia's tax authorities to appropriately assess transfer pricing cases, suggesting that Australia's existing transfer pricing rules may be interpreted in a way that does not align with international norms.

These amendments will have two components:

- A prospective upgrade of domestic transfer pricing rules, which limit taxable profits being shifted or misallocated offshore. Aligning with international best practice as set out in the OECD's standards will reduce compliance costs and facilitate international trade and investment.; and
- Confirmation that the internationally consistent transfer pricing rules contained in our tax treaties provide assessment authority for treaty-related transfer pricing dealings, and that the OECD guidance should be used in interpreting the treaties. These amendments will apply to transfer pricing dealings in treaty cases for income years commencing on or after 1 July 2004.

This measure has no revenue impact as it is a revenue protection measure.

The Government is consulting on the details of the amendments required to implement the changes.

Further information can be found in the press release of 1 November 2011 issued by the Assistant Treasurer.

Stronger Shipping for a Stronger Economy

Revenue (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Australian Taxation Office	-	-	-6.5	2.8	3.7
<i>Related expense (\$m)</i>					
Australian Taxation Office	-	-	-1.5	15.3	16.2

The Government will make changes to the income tax law to encourage investment in Australian Shipping. This reform is part of the *Government's shipping policy reform Stronger Shipping for a Stronger Economy* announced in the 2010 election, the impact of which was included in the 2011-12 Budget as a measure taken but not yet announced.

The additional estimated cost of \$30.0 million over the forward estimates period arises from further amendments to the 2011-12 Budget shipping measure as a result of consultations.

The shipping reform measures will take effect from 1 July 2012 and will:

- provide an income tax exemption for ship operators under a qualifying arrangement to assist Australian shipping operators to be competitive with other jurisdictions. This measure has an ongoing cost to revenue estimated to be \$108 million over the forward estimates period;
- allow qualifying companies access to accelerated depreciation, by depreciating vessels over an effective life that is capped at 10 years. This measure is designed to encourage a renewal of outdated ships and has an ongoing cost to revenue estimated to be \$24.0 million over the forward estimates period;
- provide roll-over relief to qualifying ship owners if they dispose of a vessel that they currently hold and purchase a vessel that meets the definition of an 'eligible vessel'. This measure has an ongoing cost to revenue estimated to be \$6 million over the forward estimates period;
- provide a refundable tax offset for qualifying companies employing eligible seafarers. The offset is designed to stimulate employment opportunities for Australian seafarers to gain maritime skills. This measure has an ongoing cost to revenue estimated to be \$39.0 million over the forward estimates period; and
- provide an exemption from Royalty Withholding Tax (RWT) for foreign owners of vessels where the vessel is leased under a demise or bareboat charter to an Australian company. This measure has an ongoing cost to revenue estimated to be \$6 million over the forward estimates period.

Further information can be found in press release of 9 September 2011 issued by the Minister of Infrastructure and Transport.

Superannuation — abolishing the maximum superannuation guarantee age limit

Revenue (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Australian Taxation Office	-	-	-	7.0	-7.0
<i>Related expense (\$m)</i>					
Australian Taxation Office	-	-	-	6.0	6.0

The Government will remove the superannuation guarantee (SG) maximum age limit, with effect from 1 July 2013. This will make it compulsory for employers to provide SG contributions for employees aged 75 or older. The overall estimated cost of this measure is \$12.0 million in fiscal balance terms over the forward estimates period.

Removing the maximum SG age limit will provide an incentive for older workers to remain in the workforce for longer, and will further improve the adequacy and equity of the SG system. Employers will be able to claim a tax deduction for SG contributions for employees aged 75 and over, as they currently can for employees under 75 years of age.

Around 18,000 employees aged 75 and over who work are expected to benefit from this measure. This is in addition to the 33,000 who are expected to benefit from increasing the SG age limit from 70 to 75.

Further information can be found in the press release of 2 November 2011 issued by the Assistant Treasurer.

This measure builds on the reform announced in the 2010-11 Budget which progressed another recommendation of the *Australia's Future Tax System Review*, and continues the process of tax reform started in May last year with the release of the Government's *Stronger, Fairer, Simpler* package of reforms.

Superannuation — clarifying the operation of certain superannuation trust deed clauses

Revenue (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Australian Taxation Office	-	*	*	*	*

The Government will ensure the integrity of the annual superannuation contribution caps by ensuring that certain trust deed clauses cannot be used to avoid what would otherwise be excess contributions from being counted against the caps.

The Government is aware of situations where a fund may include a clause in its trust deed that is designed to treat amounts that would otherwise have been considered contributions to the fund (for example, as they have been accepted by the fund and intermingled with other fund assets and investments) as not having been accepted by the fund if those contributions would lead to a breach of the contributions caps.

Under this measure, the fund will be deemed to have accepted such contributions, notwithstanding the trust deed clause, if the contributions have not been returned promptly and have in effect been intermingled with assets of the fund.

This revenue protection measure will have an unquantifiable but small revenue impact over the forward estimates period.

Superannuation — concessional contributions caps — one year pause in indexation

Revenue (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Australian Taxation Office	-	-	-	360.0	125.0

The Government will pause the indexation of the superannuation general concessional contributions cap for one year in 2013-14, so it remains at \$25,000. Indexation of the cap will be deferred until 2014-15, when the cap is expected to rise to \$30,000.

The pause in indexation of the general concessional contributions cap will also result in a pause in the indexation of the concessional contributions cap for individuals aged 50 and over and the non-concessional contributions cap.

This measure will have a gain to revenue estimated to be \$485.0 million over the forward estimates period.

Superannuation — reduction in the minimum payment amounts for account-based pensions in 2012-13

Revenue (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Australian Taxation Office	-	-	-2.0	-5.0	-
<i>Related expense (\$m)</i>					
<i>Department of Families, Housing, Community Services and Indigenous Affairs</i>	-	-	9.0	-	-

The Government will extend pension drawdown relief for a further year by reducing the minimum payment amounts for account-based, allocated and market linked (term allocated) pensions by 25 per cent for 2012-13. This measure will have a cost to revenue estimated to be \$7.0 million over two years. The measure is also estimated to increase Government expenditure by \$9.0 million in 2012-13 through higher pension outlays.

The Government previously provided pension drawdown relief in 2008-09, 2009-10 and 2010-11 by halving the minimum payment amounts, and in 2011-12 by reducing the minimum payment amounts by 25 per cent. While the Government indicated that the minimum payment amounts would return to normal in 2012-13, equity markets continue to be volatile and extending drawdown relief for a further year will assist retirees to recoup capital losses as equity markets recover over time.

Around 125,000 retirees are expected to benefit from this measure.

Tax compliance — countering fraudulent phoenix activity by company directors — deferral

Revenue (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Australian Taxation Office	-	..	-15.0	..	..

The Government has deferred the 2011-12 Budget measure *Tax compliance – countering fraudulent phoenix activities by company directors* that amends the tax law to strengthen directors’ obligations, protect workers’ entitlements and counter fraudulent phoenix activity.

This measure will now have effect from the day after Royal Assent to the necessary legislation, instead of 1 July 2011. This will ensure that the changes do not apply retrospectively.

This measure will have a cost to revenue estimated to be \$15.0 million over the forward estimates period.

Tax compliance — increased data matching resources

Revenue (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Australian Taxation Office	-	-	174.2	145.4	116.7
<i>Related expense (\$m)</i>					
Australian Taxation Office	-	-	17.0	20.4	20.3
<i>Related capital (\$m)</i>					
Australian Taxation Office	-	-	-	0.6	-

The Government will provide \$58.3 million over the forward estimates period to the Australian Taxation Office (ATO) to improve its data matching capability to ensure better compliance with the tax system.

The ATO has recently developed increasingly sophisticated data matching processes which, when combined with better targeting of data sources, have resulted in the identification of new tax compliance risks. Addressing these risks will help ensure greater equity and confidence in the tax system.

This measure will have a gain to revenue estimated to be \$436.3 million in fiscal balance terms over the forward estimates period. In underlying cash terms, the estimated increase in receipts is \$328.4 million over this period.

Tax laws — minor amendments

Revenue (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Australian Taxation Office	-	*	*	*	*

The Government will make minor amendments to ensure that the taxation laws operate as intended.

The amendments correct technical or drafting defects, removing anomalies and addressing unintended outcomes. These amendments are part of the Government's commitment to the care and maintenance of the taxation laws.

Issues raised through the Tax Issues Entry System will also be addressed through the minor amendments package.

This measure will have an ongoing unquantifiable but small revenue impact over the forward estimates period.

Taxation of Financial Arrangements — amendments to ensure appropriate interactions between Stages 3 and 4 provisions and the consolidation regime

Revenue (\$m)	2010-11	2011-12	2012-13	2013-14	2014-15
Australian Taxation Office	-	-	75.0	55.0	70.0

The Government will amend the Taxation of Financial Arrangements (TOFA) Stages 3 and 4 provisions to ensure there is appropriate interaction between these provisions and the tax consolidation regime.

The Government will also amend the TOFA transitional balancing adjustment provisions to operate as intended for existing financial arrangements of a joining company where consolidation occurs prior to the head company entering the TOFA Stages 3 and 4 regime.

The amendments will apply retrospectively from the commencement of the TOFA Stages 3 and 4 provisions.

This measure will have a gain to revenue estimated to be \$200.0 million over the forward estimates period.

