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 2008-09 to 2015-16. These estimates are consistent with tax expenditure data reported in the *2011 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 (%)
2008-09 (est)	29,500	33,117	49,294	111,911	8.9
2009-10 (est)	43,500	25,413	47,509	116,422	9.0
2010-11 (est)	35,500	27,226	48,938	111,664	8.0
2011-12 (proj)	35,500	30,216	46,991	112,707	7.7
2012-13 (proj)	36,000	32,116	51,223	119,339	7.8
2013-14 (proj)	36,000	35,056	54,966	126,022	7.8
2014-15 (proj)	36,500	40,226	59,438	136,164	8.0
2015-16 (proj)	36,500	45,096	66,013	147,609	8.2

Updated tax expenditure estimates will be published in the *2012 Tax Expenditures Statement*. This will include estimates for any new, revised or modified tax expenditures since the *2011 Tax Expenditures Statement*.

Care needs to be taken when analysing tax expenditure data: see Section 2.5 of the *2011 Tax Expenditures Statement* for a detailed discussion.