

APPENDIX A: POLICY DECISIONS TAKEN SINCE THE 2012-13 BUDGET

Revenue Measures

Table 1: Revenue measures since the 2012-13 Budget^(a)

Page		2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m
	AGRICULTURE, FISHERIES AND FORESTRY					
	<i>Department of Agriculture, Fisheries and Forestry</i>					
160	Changes to agricultural production levies	-	-	-	-	-
	Portfolio total	-	-	-	-	-
	ATTORNEY-GENERAL'S					
	<i>Australian Customs and Border Protection Service</i>					
161	Customs' compliance assurance system — expansion	-	-	11.4	11.4	11.4
161	Duty free allowances — amending the rules when incoming passengers declare an excess over the allowance	-	*	*	*	*
163	Linking the Australian carbon pricing mechanism and European Union emissions trading scheme	-	-	-	-	-
162	Malaysia-Australia Free Trade Agreement	-	-10.0	-20.0	-25.0	-25.0
162	Passenger movement charge — do not proceed with indexation	-	-	-15.0	-40.0	-70.0
	<i>Family Court of Australia</i>					
198	Courts — additional funding and changes in fees(b)	-	0.6	1.2	1.3	1.3
	<i>Federal Court of Australia</i>					
198	Courts — additional funding and changes in fees(b)	-	4.6	9.2	9.7	9.7
	<i>Federal Magistrates Court of Australia</i>					
198	Courts — additional funding and changes in fees(b)	-	8.8	17.5	18.5	18.5
	<i>High Court of Australia</i>					
198	Courts — additional funding and changes in fees(b)	-	0.2	0.4	0.5	0.5
	Portfolio total	-	4.2	4.8	-23.7	-53.7
	CLIMATE CHANGE AND ENERGY EFFICIENCY					
	<i>Clean Energy Regulator</i>					
248	Energy Brix Australia Corporation — assistance(b)	-	-	-	-	-
163	Interim arrangements for the application of the carbon pricing mechanism to the Joint Petroleum Development Area and Greater Sunrise Unit Area	-	*	*	*	-

Appendix A: Policy decisions taken since the 2012-13 Budget

Table 1: Revenue measures since the 2012-13 Budget^(a) (continued)

Page		2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m
	CLIMATE CHANGE AND ENERGY EFFICIENCY (continued)					
163	Linking the Australian carbon pricing mechanism and European Union emissions trading scheme	-	-	-	-	-
	Portfolio total	-	-	-	-	-
	CROSS PORTFOLIO					
	<i>Various Agencies</i>					
165	Commonwealth penalty unit — increase in value to reflect inflation	-	10.0	45.0	65.0	65.0
198	Courts — additional funding and changes in fees(b)	-	-10.9	-22.0	-22.0	-22.0
	Portfolio total	-	-0.9	23.0	43.0	43.0
	EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS					
	<i>Department of Education, Employment and Workplace Relations</i>					
167	Student income support — general interest charge on student income support debt	-	-	-	-	-
	Portfolio total	-	-	-	-	-
	HEALTH AND AGEING					
	<i>Department of Health and Ageing</i>					
234	Pharmaceutical Benefits Scheme — new and amended listings(b)	-	nfp	nfp	nfp	nfp
239	Therapeutic Goods Administration — blueprint reforms(b)	-	2.3	4.0	4.0	1.3
	Portfolio total	-	2.3	4.0	4.0	1.3
	IMMIGRATION AND CITIZENSHIP					
	<i>Department of Immigration and Citizenship</i>					
261	Asian Football Cup — assistance(b) Response to the expert panel	-	-	-	-	-
243	– Humanitarian migration program — additional places from 2012-13(b)	-	-	-	-	-
244	– Permanent migration program; additional family stream places from 2012-13(b)	-	3.9	4.0	4.1	4.2
166	Visa Application Charges — targeted increases	-	52.2	143.0	156.2	169.0
	Portfolio total	-	56.2	147.0	160.4	173.2

Table 1: Revenue measures since the 2012-13 Budget^(a) (continued)

Page		2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m
	INDUSTRY, INNOVATION, SCIENCE, RESEARCH AND TERTIARY EDUCATION					
	<i>Department of Industry, Innovation, Science, Research and Tertiary Education</i>					
167	Student income support — general interest charge on student income support debt	-	-	2.5	2.4	1.5
	Portfolio total	-	-	2.5	2.4	1.5
	REGIONAL AUSTRALIA, LOCAL GOVERNMENT, ARTS AND SPORT					
	<i>Australian Sports Commission</i>					
265	Football Federation Australia — debt forgiveness(b)	-	-0.4	-0.4	-0.3	-
	Portfolio total	-	-0.4	-0.4	-0.3	-
	SUSTAINABILITY, ENVIRONMENT, WATER, POPULATION AND COMMUNITIES					
	<i>Department of Sustainability, Environment, Water, Population and Communities</i>					
163	Linking the Australian carbon pricing mechanism and European Union emissions trading scheme	-	-	-	-	-
	<i>Director of National Parks</i>					
275	World Parks Congress 2014(b)	-	-	-	-	-
	Portfolio total	-	-	-	-	-
	TREASURY					
	<i>Australian Prudential Regulation Authority</i>					
280	SuperStream — reduction in Superannuation Supervisory levy(b)	-	-	-11.6	-8.4	-7.3
	<i>Australian Securities and Investments Commission</i>					
168	Australian Charities and Not-for-profits Commission — removal of Australian Securities and Investments Commission fee	-	-	-0.2	-0.2	-0.2
277	Bank accounts and life insurance policies — reform of arrangements relating to transfer of unclaimed monies to ASIC(b)	-	109.4	-	-	-
277	Company monies — reform of arrangements relating to transfer of unclaimed monies(b)	-	98.3	12.9	8.2	4.5
279	Future of Financial Advice Reform — extension of accountants licensing exemption(b)	-	-2.8	-8.4	0.1	6.7
	<i>Australian Taxation Office</i>					
	Capital gains tax					
168	— extensions to the taxation relief to facilitate Stronger Super	-	..	..	-1.0	-1.0
169	— loss relief for the Military Superannuation Benefits Fund	-	*	*	*	*

Appendix A: Policy decisions taken since the 2012-13 Budget

Table 1: Revenue measures since the 2012-13 Budget^(a) (continued)

Page		2011-12 \$m	2012-13 \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m
	TREASURY (continued)					
161	Customs' compliance assurance system — expansion	-	-	7.6	7.6	7.6
161	Duty free allowances — amending the rules when incoming passengers declare an excess over the allowance	-	*	*	*	*
169	Excise — transitional arrangements for non-transport LPG and LNG in the excise and customs systems in 2012-13	-	-	-	-	-
	Fringe benefits tax					
170	— reform of living-away-from-home allowances and benefits	-	-60.0	-	-	-
170	— removal of concessional treatment of 'in-house' fringe benefits if accessed through a salary sacrifice arrangement	-	20.0	55.0	180.0	190.0
	GST					
171	— reforms to the GST margin scheme	-	-	-	-	-
172	— restrictions on GST refunds — revisions and changed start date	-	-	..	6.0	4.0
	Income tax					
172	— clarification of the tax treatment of native title benefits	-	-	-	-	-
173	— exemption for the International Cricket Council for the 2015 Cricket World Cup	-	*	*	*	*
173	Indirect Tax Concession Scheme — diplomatic and consular concessions	..	..	..	..	..
173	International tax — update to the list of countries that have effective exchange of information arrangements with Australia	-	..	..	..	..
163	Linking the Australian carbon pricing mechanism and European Union emissions trading scheme	-	-	-	-	-
174	Managed investment trusts — concessional tax treatment for energy efficient buildings	-	-	*	*	*
174	Monthly PAYG instalments for large companies	-	-	5,500.0	1,600.0	1,200.0
175	New tax system for managed investment trusts — deferral to streamline trust reform	-	-	-	50.0	20.0
	Personal income tax					
175	— ensuring similar income tax treatment for beneficiaries of the household assistance package	-	-	-	-	-
176	— exempting Income Support Bonus from income tax	-	-	-	-	-
176	— exemption of pay and allowances for Operation Riverbank and Palate II personnel	-	-0.1	-0.1	..	-
176	— overseas forces tax offset for Operation Aslan personnel	-	..	..	..	-

Appendix A: Policy decisions taken since the 2012-13 Budget

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	TREASURY (continued)					
	Personal income tax					
177	– tax concessions for Australian Defence Force personnel deployed to Libya	-	..	..	-	-
177	Philanthropy — updating the list of specifically listed deductible gift recipients	-	-	-7.9	-8.6	-8.7
177	Stronger Shipping for a Stronger Economy — exemption from Australian income tax following removal of royalty withholding tax	-	-	-	-	-
	Superannuation					
178	– greater certainty in relation to fund mergers	-	-	-	-	-
178	– reform of arrangements relating to transfer of lost member accounts to the ATO	-	555.0	150.0	36.0	34.0
179	– reform of SMSF levy arrangements	-	-	70.0	164.0	88.0
180	– tax certainty for deceased estates	-	*	*	*	*
180	Tax administration — personal liability for corporate fault	-	-	-	-	-
181	Tax agent services regime — bringing in financial advisers	-	-	-	-	-
181	Tax compliance — maintaining the integrity of the tax and superannuation system	-	35.0	699.2	850.1	954.1
182	Tax laws — miscellaneous amendments	-	*	*	*	*
182	Taxation of Financial Arrangements Stages 3 & 4 — extending the time for putting in place tax allocation hedging documentation for existing arrangements	*	*	*	*	*
183	Wine equalisation tax — deferral of the wine producer rebate integrity measure	-	-5.0	..	-	-
	<i>Department of the Treasury</i>					
276	Asia Pacific Financial Forum(b)	-	0.3	-	-	-
281	Women on Boards Accelerator Program(b)	0.2	-	-	-	-
	Portfolio total	0.2	750.0	6,466.6	2,883.8	2,491.8
	Decisions taken but not yet announced	-	27.8	-161.8	-151.6	-158.4
	Total impact of revenue measures(c)	0.2	839.1	6,485.7	2,917.9	2,498.7

* 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 expense measures summary table.

(c) Measures may not add due to rounding.

AGRICULTURE, FISHERIES AND FORESTRY

Changes to agricultural production levies

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Department of Agriculture, Fisheries and Forestry	-	-	-	-	-
<i>Related expense (\$m)</i>					
<i>Department of Agriculture, Fisheries and Forestry</i>	-	-	-	-	-

The Government will adjust the rates of the levies and export charges on the following horticulture commodities:

- Cherry: decrease the rate of the levy and export charge from 4 cents to 3.97 cents per kilogram of cherries, commencing after the day the regulation is registered. A Plant Health Australia levy and charge, equivalent to the decrease, will be introduced to enable the Cherry Growers Association to meet its annual funding commitments towards plant health programs.
- Stone fruit: decrease the rate of the levy and export charge from 1 cent to 0.98 cents per kilogram of stone fruit, commencing on 1 January 2013. A Plant Health Australia levy and charge, equivalent to the decrease, will be introduced to enable Summerfruit Australia Limited to meet its annual funding commitments towards plant health programs.

All revenue raised by each levy or export charge is provided directly to industry. 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

Customs' compliance assurance system — expansion

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Australian Customs and Border Protection Service	-	-	11.4	11.4	11.4
Australian Taxation Office	-	-	7.6	7.6	7.6
Total — Revenue	-	-	19.0	19.0	19.0
<i>Related expense (\$m)</i>					
Australian Customs and Border Protection Service	-	0.5	4.5	4.2	4.3
Department of the Treasury	-	-	7.6	7.6	7.6
Total — Expense	-	0.5	12.1	11.8	11.9

The Government will provide \$13.5 million over the forward estimates period to expand the Australian Customs and Border Protection Service's (Customs) compliance assurance system at the border. This measure will provide Customs with additional staff dedicated to compliance activity. This measure is estimated to have a gain to revenue of \$57.0 million, and an increase in GST payments to the States and Territories of \$22.8 million, over the forward estimates period.

This measure will also provide Customs with additional staff to undertake a targeted review of Tariff Concession Orders (TCOs) on imported goods and services. TCOs allow duty-free entry for certain goods and services where there is no local industry. The review will help ensure that TCOs are still valid and appropriate in the current market.

Duty free allowances — amending the rules when incoming passengers declare an excess over the allowance

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Australian Customs and Border Protection Service	-	*	*	*	*
Australian Taxation Office	-	*	*	*	*
Total — Revenue	-	*	*	*	*

The Government has amended the arrangements when passengers exceed the duty-free allowances for tobacco and alcohol products. The new arrangements took effect from 1 September 2012 and allow passengers who have declared amounts of tobacco and /or alcohol in excess of the duty-free allowances to either keep the goods up to the allowance and abandon the excess or pay duty on the total amount of goods. This measure is estimated to have a small but unquantifiable impact on revenue over the forward estimates period.

Appendix A: Policy decisions taken since the 2012-13 Budget

Under the previous arrangements travellers who declared they were in excess of the duty-free allowances were required to pay duty on all their tobacco and alcohol products or abandon the goods altogether.

This change alleviates an ongoing cause of traveller dissatisfaction, simplifies administration and provides a more equitable outcome for travellers who have declared being in excess of the duty-free allowances.

Malaysia-Australia Free Trade Agreement

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Australian Customs and Border Protection Service	-	-10.0	-20.0	-25.0	-25.0

On 22 May 2012, the governments of Australia and Malaysia signed the Malaysia-Australia Free Trade Agreement. Under the Agreement, both parties agreed to eliminate tariffs on a wide range of goods. Both parties are aiming to complete their respective domestic processes so as to give effect to the Agreement from 1 January 2013. This measure is estimated to have a cost to revenue of \$80.0 million over the forward estimates period.

Under the Agreement, Australia and Malaysia will reduce or eliminate tariffs on imported goods. The Agreement will also address other barriers to trade and investment.

Further information can be found in the joint press release of 22 May 2012 issued by the Prime Minister and the Minister for Trade and Competitiveness.

Passenger movement charge — do not proceed with indexation

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Australian Customs and Border Protection Service	-	-	-15.0	-40.0	-70.0

The Government will not proceed with annual indexation of the rate of the passenger movement charge to the Consumer Price Index (CPI), as announced in the 2012-13 Budget, and will instead continue the current practice of periodic increases. This measure is estimated to have a cost to revenue of \$125.0 million over the forward estimates period.

Further information can be found in the joint press release of 20 June 2012 issued by the Acting Prime Minister and Treasurer, the Minister for Home Affairs and the Minister for Tourism.

CLIMATE CHANGE AND ENERGY EFFICIENCY

Interim arrangements for the application of the carbon pricing mechanism to the Joint Petroleum Development Area and Greater Sunrise Unit Area

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Clean Energy Regulator	-	*	*	*	-

The Government has effectively excluded any carbon emissions from the Joint Petroleum Development Area and Greater Sunrise Unit Area from coverage under the carbon pricing mechanism from 1 July 2012 until 30 June 2015, or until final regulations are made under the *Clean Energy Act 2011*. This meets our obligations with Timor-Leste under the Timor Sea Treaty while Australia consults Timor-Leste concerning the application of the carbon pricing mechanism. This measure is estimated to have an unquantifiable impact on revenue over the forward estimates period.

Linking the Australian carbon pricing mechanism and European Union emissions trading scheme

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Clean Energy Regulator	-	-	-	-	-
Australian Taxation Office	-	-	-	-	-
Australian Customs and Border Protection Service	-	-	-	-	-
Department of Sustainability, Environment, Water, Population and Communities	-	-	-	-	-
Total — Revenue	-	-	-	-	-
<i>Related expense (\$m)</i>					
Australian Taxation Office	-	-	-	-	-

The Government will proceed with an interim one-way link between the carbon pricing mechanism (CPM) and the European Union Emissions Trading System (EU ETS). Under the interim link, Australian businesses will be able to use EU allowances (EUAs) to help meet liabilities under the Australian CPM from 1 July 2015. This measure is estimated to have no revenue impact over the forward estimates period.

To facilitate linking, the Government will make two changes to the design of the CPM:

- the price floor will not be implemented; and
- a new sub-limit of 12.5 per cent of an entity's total liability will apply to the use of eligible Kyoto units.

Appendix A: Policy decisions taken since the 2012-13 Budget

The Government intends to negotiate a full two-way link, by means of the mutual recognition of carbon units between the two cap and trade systems, to commence no later than 1 July 2018. Under this arrangement, businesses will be allowed to use carbon units from the Australian CPM or the EU ETS for compliance under either system.

The Government will also make minor amendments to the arrangements for applying an effective carbon price to liquid fuels and synthetic greenhouse gases to ensure that it is reflective of the carbon price faced by entities under the CPM.

CROSS PORTFOLIO

Commonwealth penalty unit — increase in value to reflect inflation

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Various Agencies	-	10.0	45.0	65.0	65.0

The Government will increase the value of all Commonwealth penalty units from \$110 to \$170, with effect from up to one month after the amending legislation receives Royal Assent. Commonwealth penalties are generally expressed in the form of penalty units (rather than specific values) to assist in the consistent and relatively easy adjustment of these penalties in line with inflation. Penalty units were last increased in 1997. This measure is estimated to have a gain to revenue of \$185.0 million.

This measure will ensure that financial penalties for Commonwealth offences continue to remain effective in deterring criminal behaviour.

Further information can be found in the press release of 10 October 2012 issued by the Attorney-General and the Minister for Emergency Management.

IMMIGRATION AND CITIZENSHIP

Visa Application Charges — targeted increases

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Department of Immigration and Citizenship	-	52.2	143.0	156.2	169.0

The Government will increase a number of Visa Application Charges from 1 January 2013.

Increased Visa Application Charges will apply to: skilled graduates; partners; working holiday makers; and temporary overseas workers. A list of visa application charges is available on the Department of Immigration and Citizenship website: www.immi.gov.au.

This measure is estimated to increase revenue by \$520.5 million over four years.

Increased revenue from this measure will be redirected to support other Government priorities.

INDUSTRY, INNOVATION, SCIENCE, RESEARCH AND TERTIARY EDUCATION

Student income support — general interest charge on student income support debt

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Department of Industry, Innovation, Science, Research and Tertiary Education	-	-	2.5	2.4	1.5
Total — Revenue	-	-	2.5	2.4	1.5
<i>Related expense (\$m)</i>					
Department of Human Services	-	-	2.0	2.7	1.8
Department of Education, Employment and Workplace Relations	-	-	..	..	..
Total — Expense	-	-	2.0	2.7	1.8

The Government will introduce a general interest charge on student income support debt. The charge will apply to student income support debtors who do not have, or who are not honouring, an acceptable repayment arrangement, from 1 January 2014.

The fiscal balance and underlying cash balance impacts from this measure differ due to the interaction between previous years' outstanding debt and the ongoing administration costs from this change.

This measure is expected to provide \$33.5 million in underlying cash savings over three years from 2013-14 due to outstanding debt being repaid by previous student income support recipients.

The general interest charge will be applied at the 90-day Bank Accepted Bill rate plus an additional seven per cent, consistent with the charges applied by the Australian Taxation Office for tax debt.

TREASURY

Australian Charities and Not-for-profits Commission — removal of Australian Securities and Investments Commission fee

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Australian Securities and Investments Commission	-	-	-0.2	-0.2	-0.2

The Government will remove, from 1 July 2013, the annual review fee that is currently charged by the Australian Securities and Investments Commission (ASIC) for corporations that are registered with the Australian Charities and Not-for-profits Commission (ACNC). The measure will reduce revenue by \$0.5 million over the forward estimates period.

The Government is removing this fee, as ASIC will no longer need to perform annual reviews in respect of entities registered with the ACNC. The ACNC will now be assuming oversight of these entities.

Capital gains tax — extensions to the taxation relief to facilitate Stronger Super

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Australian Taxation Office	-	..	..	-1.0	-1.0

The Government will give merging superannuation funds greater flexibility by making the following changes to the taxation relief to support *Stronger Super*:

- backdating the taxation relief for mergers to apply from 1 October 2011;
- extending the relief to all revenue assets regardless of the net position of the entity;
- removing the 12-month rule which prevents certain losses from being transferred; and
- ensuring that members transferred under *MySuper* retain the right to claim a personal tax deduction in the new fund.

This measure is estimated to have a cost to revenue of \$2.0 million over the forward estimates period.

Further information can be found in the press release of 3 August 2012 issued by the Minister for Financial Services and Superannuation.

Capital gains tax — loss relief for the Military Superannuation Benefits Fund

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Australian Taxation Office	-	*	*	*	*

The Government will provide loss relief to the trustee of the Military Superannuation Benefits Fund to allow the transfer, on or before 1 July 2012, of realised tax losses to the ARIA Investments Trust. This measure facilitates the Government's previous decision to consolidate the trustee arrangements of the Commonwealth's main civilian and military superannuation schemes. This measure is estimated to have a small but unquantifiable impact on revenue over the forward estimates period.

Excise — transitional arrangements for non-transport LPG and LNG in the excise and customs systems in 2012-13

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Australian Taxation Office	-	-	-	-	-

The Government has amended the tax laws to allow monthly accounting for suppliers of non-transport liquefied petroleum gas (LPG) and liquefied natural gas (LNG) with returns and payment required three months after the end of the accounting period. Under the *Clean Energy Future* package, suppliers of non-transport LPG and LNG will have an effective carbon price applied to these fuels via the excise and customs system for the year 2012-13 before the carbon price is applied directly from 1 July 2013. This is a transitional measure that will ensure smooth transition to the carbon pricing mechanism for the LPG and LNG industries. This measure is estimated to have no revenue impact in fiscal balance terms over the forward estimates period. In underlying cash balance terms this measure has a cost of \$18.0 million in 2012-13 and a gain of \$18.0 million in 2013-14.

Under normal excise payment arrangements suppliers are required to account weekly for excisable products, with returns and payment due on the first business day after the end of the weekly accounting period.

Further information can be found in the press release of 19 June 2012 issued by the Assistant Treasurer.

Appendix A: Policy decisions taken since the 2012-13 Budget

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

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Australian Taxation Office	-	-60.0	-	-	-
<i>Related expense (\$m)</i>					
<i>Department of the Treasury</i>	-	0.7	-	-	-

The Government has deferred the start date of the reforms to living-away-from-home (LAFH) allowances and benefits, announced in the 2011-12 Mid-Year Economic and Fiscal Outlook (MYEFO) and the 2012-13 Budget, from 1 July 2012 to 1 October 2012. This deferral is estimated to have a cost to revenue of \$60.0 million, and an increase in GST payments to the States and Territories of \$0.7 million, over the forward estimates period.

This deferral is in response to submissions received as part of two consultation processes in relation to the reforms and does not affect the transitional arrangements for the reforms.

Further information can be found in the press release of 28 June 2012 issued by the Assistant Treasurer. See also the 2011-12 MYEFO measure *Fringe benefits tax — reform of living-away-from-home allowances and benefits* and the 2012-13 Budget measure *Fringe benefits tax — further reform of living-away-from-home allowances and benefits*.

Fringe benefits tax — removal of concessional treatment of 'in-house' fringe benefits if accessed through a salary sacrifice arrangement

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Australian Taxation Office	-	20.0	55.0	180.0	190.0
<i>Related expense (\$m)</i>					
<i>Department of the Treasury</i>	-	5.0	10.0	35.0	35.0

The Government will remove the concessional fringe benefits tax (FBT) treatment for in-house fringe benefits if they are accessed by way of a salary sacrifice arrangement. This measure will apply from 22 October 2012 for salary sacrifice arrangements entered into from its announcement on 22 October 2012, and from 1 April 2014 for salary sacrifice arrangements entered into prior to its announcement on 22 October 2012. This measure is estimated to have a gain to revenue of \$445.0 million, and an increase in GST payments to the States and Territories of \$85.0 million, over the forward estimates period.

Appendix A: Policy decisions taken since the 2012-13 Budget

In-house fringe benefits arise when employees receive goods or services from their employer or an associate of their employer that are identical or similar to those provided to customers by the employer or an associate of the employer in the ordinary course of business. Under the existing FBT concession, the taxable value of in-house fringe benefits is 75 per cent of either the lowest price at which an identical benefit is sold to the public or under an arm's length transaction, depending on the nature of the benefit, reduced by a further \$1,000.

The existing FBT concession was introduced before the widespread use of salary sacrifice arrangements. This measure will return the use of this FBT concession to its original intent. Under this measure, the taxable value of in-house fringe benefits provided through a salary sacrifice arrangement will be either the lowest price at which an identical benefit is sold to the public or under an arm's length transaction, depending on the nature of the benefit.

GST — reforms to the GST margin scheme

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Australian Taxation Office	-	-	-	-	-
<i>Related expense (\$m)</i>					
Department of the Treasury	-	-	-	-	-

The Government will not proceed with the proposed restructure of the margin scheme provisions announced in the 2010-11 Budget. Through public consultation it became clear that the restructure was likely to deliver little, if any, benefit. The Government will proceed with the minor technical amendment relating to subdivided land. This measure is estimated to have no revenue impact over the forward estimates period.

Extending the scope of the technical amendment relating to subdivided land will ensure that taxpayers are able to use the consideration method, the valuation method, or the GST-inclusive market value method, whichever is appropriate, when calculating the margin on a taxable supply of subdivided land. The amendment will apply from the first quarterly tax period after Royal Assent rather than from 1 July 2012 as previously announced.

Appendix A: Policy decisions taken since the 2012-13 Budget

GST — restrictions on GST refunds — revisions and changed start date

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Australian Taxation Office	-	-	..	6.0	4.0
<i>Related expense (\$m)</i>					
<i>Department of the Treasury</i>	-	-	..	6.0	6.0

The Government has made revisions to its 2009-10 Budget measure *Government response to Board of Taxation report: GST Administration*. The revisions concern the implementation of a recommendation to amend the GST law to clarify the circumstances in which the restriction on refunds applies to overpayments of GST. The revisions will allow taxpayers to self-assess their entitlement to a GST refund by reference to particular criteria and will ensure that the restriction on refunds also applies to refunds associated with miscalculations of GST payable on a supply. The amendments will apply to tax periods commencing on or after 17 August 2012. This measure is estimated to have a gain to revenue of \$10.0 million, and an increase in GST payments to the States and Territories of \$12.0 million, over the forward estimates period.

Further information can be found in the press release of 17 August 2012 issued by the Assistant Treasurer.

Income tax — clarification of the tax treatment of native title benefits

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Australian Taxation Office	-	-	-	-	-

The Government will clarify that income tax is not payable on certain native title benefits by making such benefits non-assessable non-exempt income. This measure was part of a range of native title reforms announced by the Attorney-General in Townsville on 6 June 2012, and will apply to native title benefits received on or after 1 July 2008, consistent with the standard four year amendment period. This measure is estimated to have no revenue impact over the forward estimates period.

Further information can be found in the press release and accompanying exposure draft legislation of 27 July 2012 released by the Assistant Treasurer.

Income tax — exemption for the International Cricket Council for the 2015 Cricket World Cup

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Australian Taxation Office	-	*	*	*	*

The Government will provide a time-limited income tax exemption to the International Cricket Council for the Cricket World Cup to be held in Australia in early 2015. This one-off income tax exemption reflects the circumstances of this particular event. This measure is estimated to have an unquantifiable cost to revenue over the forward estimates period.

Indirect Tax Concession Scheme — diplomatic and consular concessions

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Australian Taxation Office	..	..	..	..	..
<i>Related expense (\$m)</i>					
<i>Department of the Treasury</i>	..	..	..	..	..

The Government has provided indirect tax refunds (including for GST) for certain countries' diplomatic and consular representation under the Indirect Tax Concession Scheme, with effect from the time specified in implementing determinations issued by the Minister for Foreign Affairs. This measure is estimated to have a negligible cost to revenue, and a negligible decrease in GST payments to the States and Territories over the forward estimates period.

Six countries have received new or upgraded concessions for their diplomatic representation (Mongolia, Georgia, Slovak Republic, Tonga, Uruguay and Tunisia) and one country has received upgraded concessions for their consular representation (Uruguay).

International tax — update to the list of countries that have effective exchange of information arrangements with Australia

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Australian Taxation Office	-	..	..	..	..

The Government has updated the list of countries reported in the *Taxation Administration Regulations 1976* whose residents are eligible to access a reduced rate of withholding tax on certain distributions from Australian managed investment trusts, with effect from 1 July 2012. This measure updates the list to include the Cook Islands, Macau, Mauritius and the Republic of Korea. This measure is estimated to have a negligible cost to revenue over the forward estimates period.

Appendix A: Policy decisions taken since the 2012-13 Budget

The reduced withholding tax rate is restricted to residents of countries with which Australia has effective exchange of information arrangements and which are listed in the Regulations. This requirement safeguards the integrity of the managed investment trust withholding tax system and signals Australia's commitment to using effective exchange of information to reduce opportunities for international tax evasion and avoidance.

Managed investment trusts — concessional tax treatment for energy efficient buildings

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Australian Taxation Office	-	-	*	*	*

The Government will introduce a 10 per cent concessional final withholding tax rate for fund payments to non-residents in countries that have an exchange of information arrangement with Australia. The concessional tax rate will apply to fund payments from managed investment trusts (MIT) that only invest in newly constructed energy efficient commercial buildings. This measure is estimated to have a small but unquantifiable cost to revenue over the forward estimates period.

Further information can be found in the joint press release of 27 June 2012 issued by the Assistant Treasurer and the Parliamentary Secretary for Climate Change and Energy Efficiency.

Monthly PAYG instalments for large companies

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Australian Taxation Office	-	-	5,500.0	1,600.0	1,200.0
<i>Related expense (\$m)</i>					
Australian Taxation Office	-	2.4	4.0	2.6	2.5

The Government will better align tax instalments for large companies with their income and trading conditions by requiring them to make Pay As You Go (PAYG) income tax instalments monthly, rather than quarterly. This will also align large companies' PAYG instalments with their GST payments. This measure is estimated to have a gain to revenue of \$8.3 billion over the forward estimates period.

This reform will be phased in over three years, with companies moving to monthly PAYG instalments:

- from 1 January 2014 for companies with a turnover of \$1 billion or more (around 350 companies);
- from 1 January 2015 for companies with a turnover of \$100 million or more (around 2,500 companies); and

Appendix A: Policy decisions taken since the 2012-13 Budget

- from 1 January 2016 for companies with a turnover of \$20 million or more (around 10,500 companies).

The Government will consult on the implementation of this measure and on further improvements to the operation of the instalment system.

New tax system for managed investment trusts — deferral to streamline trust reform

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
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 12 months to 1 July 2014. This measure is estimated to have a gain to revenue of \$70.0 million over the forward estimates period.

The deferred start date will coincide with the proposed start date for the broader reform of trust income taxation. This follows feedback from stakeholders arising out of the Government's consultation paper, released in November 2011, which canvassed a number of options for reforming the taxation of trusts. This measure will allow more time to develop the law and for industry to prepare for changes.

The Government will also amend the tax law to allow MITs and certain other trusts to continue to disregard the trust streaming provisions for the 2012-13 and 2013-14 income years unless they have elected or elect to apply these rules. This will ensure the interim arrangements for MITs continue to apply until the commencement of the new tax system for MITs.

Further information can be found in the press release of 30 July 2012 issued by the Assistant Treasurer.

Personal income tax — ensuring similar income tax treatment for beneficiaries of the household assistance package

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Australian Taxation Office	-	-	-	-	-

The Government has provided an income tax exemption for the proportion of the transitional farm family payment (TFFP) provided to recipients in lieu of the clean energy advance. This measure is estimated to have no revenue impact over the forward estimates period.

Appendix A: Policy decisions taken since the 2012-13 Budget

Clean energy payments are being provided to recipients of pensions, allowances and family payments to assist with the financial impacts of pricing carbon. Payments of the clean energy advance to other transfer payment recipients are already exempt from income tax. This measure ensures that recipients of the TFFP are taxed in a similar manner to other recipients of household assistance.

Personal income tax — exempting Income Support Bonus from income tax

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Australian Taxation Office	-	-	-	-	-

The Government has exempted from income tax the Income Support Bonus provided to recipients of certain payments and allowances. This measure is estimated to have no revenue impact over the forward estimates period.

The Income Support Bonus was announced in the 2012-13 Budget measure titled *Spreading the Benefits of the Boom — new income support supplement*.

Personal income tax — exemption of pay and allowances for Operation Riverbank and Palate II personnel

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Australian Taxation Office	-	-0.1	-0.1	..	-

The Government has extended the income tax exemption for base pay and allowances paid to Australian Defence Force personnel deployed on Operation Riverbank and Operation Palate II until 31 December 2013. This measure is estimated to have a cost to revenue of \$0.1 million over the forward estimates period.

Personal income tax — overseas forces tax offset for Operation Aslan personnel

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Australian Taxation Office	-	..	..	..	-

The Government has made the overseas forces tax offset available for Australian Defence Force personnel deployed on Operation Aslan. This measure is estimated to have a negligible cost to revenue over the forward estimates period.

Personal income tax — tax concessions for Australian Defence Force personnel deployed to Libya

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Australian Taxation Office	-	..	..	-	-

The Government has provided income tax concessions to Australian Defence Force personnel deployed in support of the United Nations Security Council Resolutions 1970 and 1973 to enforce a no-fly-zone in relation to Libya during 2011. This measure is estimated to have a negligible cost to revenue over the forward estimates period.

Philanthropy — updating the list of specifically listed deductible gift recipients

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Australian Taxation Office	-	-	-7.9	-8.6	-8.7

Since the 2012-13 Budget, the following organisations have been approved as deductible gift recipients (DGRs):

- Australia for UNHCR, from 28 June 2012;
- Yachad Accelerated Learning Project, from 1 July 2012 to 30 June 2015;
- The Diamond Jubilee Trust Australia, from 1 November 2012 to 30 June 2015;
and
- Teach for Australia, from 1 January 2013.

Taxpayers may claim an income tax deduction for certain gifts of money or property to DGRs. This measure has an estimated cost to revenue of \$25.2 million over the forward estimates period.

Stronger Shipping for a Stronger Economy — exemption from Australian income tax following removal of royalty withholding tax

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Australian Taxation Office	-	-	-	-	-

The Government has made a minor amendment to the income tax law to ensure income that falls within the scope of the royalty withholding tax exemption as part of the *Stronger Shipping for a Stronger Economy* reforms is treated as non-assessable non-exempt income. This measure is estimated to have no revenue impact over the forward estimates period.

Appendix A: Policy decisions taken since the 2012-13 Budget

Superannuation — greater certainty in relation to fund mergers

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Australian Taxation Office	-	-	-	-	-

The Government will ensure that superannuation fund members are not disadvantaged where their benefits are rolled over within a fund or between funds in response to the *Stronger Super* package of superannuation reforms. This measure is estimated to have no revenue impact over the forward estimates period.

Currently, the superannuation tax laws provide for a ‘proportioning rule’, which is an integrity rule designed to remove individual members’ capacity to reduce their tax liability by manipulating the ‘taxable’ and ‘tax-free’ components of their superannuation benefits.

As an integrity rule addressing the behaviour of individual members, the proportioning rule was intended to apply only to transactions that are within the control of the individual members. This measure will ensure that the proportioning rule does not apply to transactions that are beyond the control of individual members. This is expected to provide greater certainty for superannuation funds that are considering entering into superannuation fund mergers and certain transactions in response to *Stronger Super*.

Superannuation — reform of arrangements relating to transfer of lost member accounts to the ATO

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Australian Taxation Office	-	555.0	150.0	36.0	34.0
<i>Related expense (\$m)</i>					
Australian Taxation Office	-	39.8	43.9	6.6	6.1
<i>Related capital (\$m)</i>					
Australian Taxation Office	-	1.7	1.7	-	-

The Government will implement reforms to preserve the value of lost member accounts in the superannuation system, and ensure more of these accounts are reunited with their owners.

The Government will introduce the following reforms, to take effect from 31 December 2012:

- The account balance threshold below which inactive accounts, and accounts of uncontactable members, are required to be transferred to the Australian Taxation Office (ATO) will be increased from \$200 to \$2,000; and
- The period of inactivity before an account of an unidentifiable member is required to be transferred to the ATO will be reduced from five years to 12 months.

Appendix A: Policy decisions taken since the 2012-13 Budget

The ATO will use its data matching resources to match these lost accounts with members and assist those members to be reunited with their lost superannuation. The Government will consult further on additional ways to facilitate this process of reuniting members with their lost accounts.

Individuals can reclaim superannuation accounts transferred to the ATO at any time, however no form of interest is currently paid when they are reclaimed. In addition to the above reforms, the Government will pay interest at a rate equivalent to Consumer Price Index (CPI) inflation from 1 July 2013 on all superannuation accounts reclaimed from the ATO.

These reforms will benefit individuals with small lost accounts by preventing these accounts from being eroded by fees and charges and protecting the real value of these balances. They will also complement other initiatives which have been put in place in recent years to help reunite members with their lost superannuation accounts.

These reforms will also help reduce the number of superannuation accounts that have unidentifiable members by reducing the period of time that a super fund can hold the account of an unidentifiable member. This will encourage funds to collect sufficient information to identify members during the period when contributions are being made.

This measure is estimated to provide savings to the Budget of \$675.2 million over the forward estimates period. The ATO will receive \$62.8 million over the forward estimates to implement these changes. The ATO will also administer \$37.0 million in interest payments associated with reclaimed funds.

Superannuation — reform of SMSF levy arrangements

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Australian Taxation Office	-	-	70.0	164.0	88.0
<i>Related expense (\$m)</i>					
Australian Taxation Office	-	0.6	1.3	0.8	0.5

The Government will reform the levy imposed on self-managed superannuation funds (SMSFs), by ensuring the levy is collected from SMSFs in a more timely way, and increasing the levy to ensure the Australian Taxation Office's (ATO) costs of regulating the sector are fully recovered. This measure is estimated to provide savings to the Budget of \$319.0 million over the forward estimates period.

The Government will bring forward payment of the SMSF levy such that it is levied and collected in the same year of income. This will ensure consistency with APRA regulated funds, which pay the Superannuation Supervisory Levy in the same financial year it is levied. The change in the timing of the collection of the SMSF levy will be phased in over the two years 2013-14 and 2014-15 to give SMSFs time to adjust.

Appendix A: Policy decisions taken since the 2012-13 Budget

In addition, there is currently a shortfall of SMSF levy revenue compared to the costs of regulating the sector. The Government will increase the SMSF levy from \$191 to \$259 per annum from 2013-14 onwards to ensure full cost recovery. This will enable the ATO to continue to regulate this rapidly growing and diverse sector effectively.

Superannuation — tax certainty for deceased estates

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Australian Taxation Office	-	*	*	*	*

The Government will amend the law to allow the tax exemption for earnings on assets supporting superannuation pensions to continue following the death of a fund member in the pension phase until the deceased member's benefits have been paid out of the fund. This change will have effect from 1 July 2012. This measure is estimated to have a small but unquantifiable cost to revenue over the forward estimates period.

The superannuation law requires the benefits of a deceased member to be paid out of the fund as soon as practicable following the member's death. The continuation of the earnings tax exemption beyond the death of a member will be subject to this existing requirement.

This change will benefit the beneficiaries of deceased estates by allowing superannuation fund trustees to dispose of pension assets on a tax-free basis to fund the payment of death benefits.

Tax administration — personal liability for corporate fault

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Australian Taxation Office	-	-	-	-	-

The Government will remove a number of provisions in the taxation laws that impose a personal liability on individuals involved in the management of a company, for offences committed by the company. This measure is estimated to have no revenue impact over the forward estimates.

This measure forms part of a broader project being progressed by the Government to implement a nationally consistent approach for imposing personal liability on individuals for corporate fault, and removing excessive regulatory burdens on company directors.

Further information about this measure, and the broader project, can be found in the press release of 14 August 2012 issued by the Parliamentary Secretary to the Treasurer.

Tax agent services regime — bringing in financial advisers

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Australian Taxation Office	-	-	-	-	-

The Government will bring financial advisers who provide tax advice into the tax agent services regime, with effect from 1 July 2013. There will be a three year transitional period to ensure that those in the financial services industry have appropriate time to adapt to the new regulatory requirements. This measure is estimated to have no revenue impact over the forward estimates period.

Australian Securities and Investments Commission and the Tax Practitioners Board will work together to reduce compliance costs for financial advisers. This measure will ensure that the provision of any tax advice is consistently regulated, irrespective of whether that advice is provided by a financial adviser, tax agent or BAS agent.

Tax compliance — maintaining the integrity of the tax and superannuation system

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Australian Taxation Office	-	35.0	699.2	850.1	954.1
<i>Related expense (\$m)</i>					
<i>Department of the Treasury</i>	-	61.8	6.0	6.2	6.3
<i>Australian Taxation Office</i>	-	24.3	140.7	139.0	140.8
<i>Australian Crime Commission</i>	-	-	0.8	0.8	0.8
<i>Total — Expense</i>	-	86.1	147.6	146.1	147.9

The Government will provide \$390.0 million over the forward estimates to the Australian Taxation Office (ATO) to continue to improve overall compliance with the tax and superannuation system.

The measure will allow the ATO to:

- continue strategic compliance initiatives to ensure Australians continue to pay their fair share of tax and that a level playing field is maintained for small business;
- follow-up on long-term outstanding debts;
- follow-up on lodgments for businesses, with two or more years of outstanding lodgments;
- address the escalation in the promotion and participation in tax avoidance and tax evasion schemes in Australia; and
- target non-compliance relating to profit from criminal activities and organised crime, ensuring taxation and superannuation obligations are met.

Appendix A: Policy decisions taken since the 2012-13 Budget

This measure is estimated to have a net gain to the Budget of \$2.0 billion, including a GST component, over the forward estimates period. In underlying cash terms, the estimated net increase is \$1.0 billion, including a GST component.

Tax laws — miscellaneous amendments

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Australian Taxation Office	-	*	*	*	*
<i>Related expense (\$m)</i>					
<i>Department of the Treasury</i>	-	..	..	..	..

The Government will make a series of minor amendments to the tax laws to correct technical defects, remove anomalies and address unintended outcomes which have been recently identified throughout the tax legislation. This measure is estimated to have a small but unquantifiable impact on revenue over the forward estimates period, including a negligible GST component that will be paid to the States and Territories.

The amendments will address minor technical issues identified throughout the tax laws, including income tax, GST, fuel tax, minerals resource rent tax and petroleum resource rent tax legislation.

Taxation of Financial Arrangements Stages 3 & 4 — extending the time for putting in place tax allocation hedging documentation for existing arrangements

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Australian Taxation Office	*	*	*	*	*

The Government will amend the transitional provision for Taxation of Financial Arrangements (TOFA) Stages 3 and 4 to allow taxpayers additional time to comply with certain tax hedging documentation requirements with respect to existing financial arrangements. Taxpayers will be given until the later of 30 June 2011 and 'at or soon after the making of a hedging election' to comply with tax hedging documentation requirements relating to the tax allocation of gains and losses. This measure is estimated to have a small but unquantifiable impact on revenue over the forward estimates period.

This measure will facilitate the transition into TOFA and ensure compliance with the tax hedging rules.

The amendments will apply from the start of the income year in which the TOFA Stages 3 and 4 provisions start to apply to the taxpayer.

Wine equalisation tax — deferral of the wine producer rebate integrity measure

Revenue (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Australian Taxation Office	-	-5.0	..	-	-

The Government has deferred the start date of the 2012-13 Budget measure, *Wine equalisation tax — protecting the integrity of the wine producer rebate*, to the later of 1 December 2012 or the date of Royal Assent of the amending legislation. This measure is estimated to have a cost to revenue of \$5.0 million over the forward estimates period.

The measure was originally announced to commence on 1 July 2012. The Government deferred commencement to allow for continued consultation with the wine industry. The deferral has allowed for a system of implementation using voluntary notices to be developed, which will limit the costs of compliance for industry.

Further information can be found in the press release of 29 June 2012 issued by the Assistant Treasurer.

