Attachment C

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 2009-10 to 2016-17. These estimates reflect tax expenditure data reported in the *2012 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 (%)
2009-10 (est)	40,000	24,089	49,842	113,931	8.8
2010-11 (est)	35,500	27,450	52,032	114,982	8.2
2011-12 (est)	31,000	30,262	50,072	111,334	7.5
2012-13 (proj)	30,000	31,846	53,174	115,020	7.6
2013-14 (proj)	29,500	34,645	55,436	119,581	7.6
2014-15 (proj)	30,000	39,615	58,881	128,496	7.9
2015-16 (proj)	30,500	44,815	61,961	137,276	8.0
2016-17 (proj)	31,000	50,655	64,792	146,447	8.2

The table does not reflect policy decisions taken since the 2012-13 MYEFO. Updated tax expenditure estimates will be published in the *2013 Tax Expenditures Statement*. This will include estimates for any new, revised or modified tax expenditures since the *2012 Tax Expenditures Statement*.

Care needs to be taken when analysing tax expenditure data: see Section 2.5 of the *2012 Tax Expenditures Statement* for a detailed discussion.