Part 1: Revenue Measures

Table 1: Revenue measures since the 2014-15 MYEFO[(a)]

Page		2014-15 $m	2015-16 $m	2016-17 $m	2017-18 $m	2018-19 $m
	AGRICULTURE					
	Department of Agriculture					
6	Biosecurity services for international mail — additional cost recovery	-	-	3.5	6.9	7.1
6	Changes to agricultural production levies	0.2	3.4	3.4	3.4	3.4
55	Managing Biosecurity Risks — expanded surveillance and offshore audits(b)	nfp	nfp	nfp	nfp	nfp
58	Supporting Drought Affected Communities — Immediate Assistance(b)	-	5.6	7.6	7.6	7.6
	Portfolio total	**0.2**	**8.9**	**14.5**	**17.9**	**18.1**
	ATTORNEY-GENERAL'S					
	Australian Transaction Reports and Analysis Centre					
116	Strengthening the Integrity of Welfare Payments(b)	-	1.7	3.8	4.4	4.9
	Family Court and Federal Circuit Court					
66	Streamlining and improving the sustainability of Courts(b)	-	16.1	17.2	17.5	18.8
	Federal Court of Australia					
66	Streamlining and improving the sustainability of Courts(b)	-	4.3	4.3	4.4	4.8
	Portfolio total	**-**	**22.1**	**25.4**	**26.4**	**28.4**
	CROSS PORTFOLIO					
	Various Agencies					
70	Administered Programme Indexation Pause — two year extension(b)	-	-	-	..	-0.1
8	Commonwealth penalty units — increase in value to reflect inflation	-	5.0	10.0	10.0	20.0
	Portfolio total	**-**	**5.0**	**10.0**	**10.0**	**19.9**
	DEFENCE					
	Department of Defence					
71	Operation Accordion — extension(b)	-	3.1	-	-	-
71	Operation Highroad(b)	-	0.6	-	-	-
73	Operation Okra — continued support(b)	-	11.0	-	-	-
	Portfolio total	**-**	**14.6**	**-**	**-**	**-**
	EDUCATION AND TRAINING					
	Department of Education and Training					
9	Higher Education Loan Programme — recovery of repayments from overseas debtors	-	2.4	6.3	8.6	11.1
	Portfolio total	**-**	**2.4**	**6.3**	**8.6**	**11.1**

Table 1: Revenue measures since the 2014-15 MYEFO(a) (continued)

Page		2014-15 $m	2015-16 $m	2016-17 $m	2017-18 $m	2018-19 $m
	FINANCE					
	Department of Finance					
	Smaller Government					
10	– Property Divestment Programme — general office accommodation Canberra	-	nfp	nfp	-	-
10	– Property Divestment Programme — Mount Macedon Property	-	-	nfp	-	-
	Portfolio total	**-**	**-**	**-**	**-**	**-**
	FOREIGN AFFAIRS AND TRADE					
	Department of Foreign Affairs and Trade					
12	Passport Fees and Charges — reforms	-	1.7	5.0	5.0	5.4
	Portfolio total	**-**	**1.7**	**5.0**	**5.0**	**5.4**
	HEALTH					
	Department of Health					
107	National Joint Replacement Levy — amendments(b)	-	0.1	0.1	0.2	0.2
111	Reducing the Burden of the Industrial Chemicals Regulatory Framework to Industry(b)	-	2.5	2.5	1.4	1.8
	Portfolio total	**-**	**2.6**	**2.6**	**1.6**	**2.0**
	HUMAN SERVICES					
	Department of Human Services					
126	Smaller Government — Immigration and Border Protection efficiencies(b)	-	-	-	-	-
	Portfolio total	**-**	**-**	**-**	**-**	**-**
	IMMIGRATION AND BORDER PROTECTION					
	Department of Immigration and Border Protection					
13	Cost Recovery — licensing and import processing	-	14.1	30.3	31.2	32.1
13	Cost Recovery of Citizenship and adjustment of Visa Application Charges	-	103.4	109.2	111.1	113.4
161	Intercountry Adoption — national support service(b)	..	..	..	..	..
120	Migration Agents Registration Authority — deregulation(b)	-	-2.4	-2.5	-2.5	-2.6
126	Smaller Government — Immigration and Border Protection efficiencies(b)	-	-	12.4	12.4	12.4
	Portfolio total	**..**	**115.1**	**149.4**	**152.2**	**155.3**
	INFRASTRUCTURE AND REGIONAL DEVELOPMENT					
	Australian Transport Safety Bureau					
136	Malaysia Airlines Flight MH370 — international contribution(b)	14.4	-	-	-	-

Table 1: Revenue measures since the 2014-15 MYEFO(a) (continued)

Page		2014-15 $m	2015-16 $m	2016-17 $m	2017-18 $m	2018-19 $m
	INFRASTRUCTURE AND REGIONAL DEVELOPMENT (continued)					
	Department of Infrastructure and Regional Development					
136	Malaysia Airlines Flight MH370 — international contribution(b)	29.6	50.0	-	-	-
137	Norfolk Island Reform(b)	-	-	-	1.5	1.5
	Portfolio total	**43.9**	**50.0**	**-**	**1.5**	**1.5**
	TREASURY					
	Australian Bureau of Statistics					
172	Australian Bureau of Statistics — business transformation(b)	-1.6	-3.6	-4.1	-3.3	-
	Australian Prudential Regulation Authority					
17	Full Cost Recovery of Superannuation Activities	-	11.6	11.6	11.7	12.0
	Australian Securities and Investments Commission					
173	Australian Securities and Investments Commission — Competition for Market Services — continuation(b)	-	3.2	3.1	3.2	3.2
177	Reversal of Banking and Life Insurance unclaimed provisions(b)	-	-119.2	-122.2	-125.3	-128.4
	Australian Taxation Office					
14	A new drought preparedness framework — accelerated depreciation for primary producers	-	-	-	-20.0	-50.0
	Combatting multinational tax avoidance					
14	– a targeted anti-avoidance law	-	*	*	*	*
15	– new transfer pricing documentation standards	-	-	*	*	*
16	– stronger penalties	-	-	*	*	*
16	Employee Share Schemes — further changes to tax treatment	-	*	*	*	*
	Growing Jobs and Small Business					
17	– allow immediate deductibility for professional expenses	-	-	-10.0	-10.0	-10.0
18	– capital gains tax roll-over relief for changes to entity structure	-	-	-	-20.0	-20.0
18	– changes to the fringe benefits tax system for work-related electronic devices	-	-	*	*	*
19	– expanding accelerated depreciation for small businesses	-	-250.0	-800.0	-850.0	150.0
19	– tax cuts for small business	-	-250.0	-950.0	-1,000.0	-1,050.0
	GST					
20	– applying to digital products and services imported by consumers	-	-	-	150.0	200.0

Table 1: Revenue measures since the 2014-15 MYEFO[(a)] (continued)

Page		2014-15	2015-16	2016-17	2017-18	2018-19
		$m	$m	$m	$m	$m
	TREASURY (continued)					
	GST					
21	– compliance programme — three year extension	-	-	625.2	772.5	863.4
22	– not proceeding with a reverse charge for going concerns and farmland	-	*	*	*	*
22	Income tax relief for Australian Defence Force personnel deployed overseas	..	..	-	-	-
22	Introducing a cap for salary sacrificed meal entertainment and entertainment facility leasing expenses	-	20.0	85.0	90.0	100.0
23	Luxury car tax — exemption for cars acquired by endorsed public museums and public art galleries	-	-0.5	-0.1	-0.1	-0.1
23	Managed investment trusts — transition period to apply the new tax system	-	-	45.0	20.0	5.0
24	Modernising the Offshore Banking Unit regime	-	-	12.4	13.6	15.8
137	Norfolk Island Reform(b)	-	-	2.0	9.0	6.0
71	Operation Accordion — extension(b)	-	-8.1	-4.3	-	-
71	Operation Highroad(b)	-0.4	-8.1	-4.2	-	-
72	Operation Manitou(b)	-	-6.9	-3.6	-	-
73	Operation Okra — continued support(b)	-2.5	-22.8	-10.7	-	-
	Personal income tax					
25	– better targeting the Zone Tax Offset to exclude ‘fly-in fly-out’ and ‘drive-in drive-out’ workers	-	-	105.0	110.0	110.0
26	– changes to tax residency rules for temporary working holiday makers	-	-	100.0	220.0	220.0
26	– increasing the Medicare levy low-income thresholds	-	-81.0	-50.0	-50.0	-50.0
27	– modernising the methods used for calculating work-related car expense deductions	-	-	270.0	280.0	295.0
27	– removing an income tax exemption for government employees	-	-	1.3	2.7	2.7
	Philanthropy					
28	– specifically listing the Global Infrastructure Hub as an income tax exempt entity	-	-	-	-	-
28	– updates to the list of specifically listed deductible gift recipients	-	-0.2	-1.2	-1.2	-0.9
29	Release of superannuation for terminal medical condition — relaxing criteria	-	-0.3	..	..	..
168	Removing Double-Dipping from Parental Leave Pay(b)	-	-	-200.0	-250.0	-250.0
29	Research and Development tax incentive — introducing a $100 million expenditure cap	-	-	-	-	-
30	Serious Financial Crime taskforce — addressing financial and tax fraud	-	31.8	107.9	141.6	138.4

Table 1: Revenue measures since the 2014-15 MYEFO[(a)] (continued)

Page		2014-15	2015-16	2016-17	2017-18	2018-19
		$m	$m	$m	$m	$m
	TREASURY (continued)					
31	Strengthening Australia's foreign investment framework	-	115.0	185.0	215.0	220.0
32	Tax administration — statutory remedial power for the Commissioner of Taxation	-	-	-	-	-
	Department of the Treasury					
174	Developing Northern Australia — Northern Australia Infrastructure Facility(b)	-	-	61.3	122.3	182.8
21	GST — compliance programme — three year extension	-	-	92.6	88.3	84.6
	Portfolio total	**-4.5**	**-569.2**	**-452.9**	**-80.0**	**1,049.5**
	Decisions taken but not yet announced	**5.2**	**184.7**	**279.2**	**319.6**	**391.2**
	Total impact of revenue measures(c)	**44.9**	**-162.0**	**39.4**	**462.7**	**1,682.5**

* 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

Biosecurity services for international mail — additional cost recovery

Revenue ($m)

	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Agriculture	-	-	3.5	6.9	7.1

The Government will move to full cost recovery of services provided to Australia Post to manage the biosecurity risk associated with international mail items.

The move to full cost recovery will be implemented through a staged increase to the biosecurity fee charged to Australia Post, with the fee increasing on 1 July 2016 before reaching full cost recovery from 1 July 2017.

This measure will put Australia Post on a level playing field with other commercial operators, which are already charged full market rates for similar biosecurity services.

Changes to agricultural production levies

Revenue ($m)

	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Agriculture	0.2	3.4	3.4	3.4	3.4
Related expense ($m)					
Department of Agriculture	*0.2*	*3.4*	*3.4*	*3.4*	*3.4*

The Government has adjusted the rate of the following agricultural production levies and export charges:

- Banana levy: activation of the Emergency Plant Pest Response levy set at 0.75 cents per kilogram, commencing on 1 July 2015. This levy has been increased at the request of the Australian Banana Growers' Council to facilitate repayment of the banana industry's liability associated with an emergency response to eradicate banana freckle.

- Honey levy and export charge: changes have been introduced at the request of the Australian Honey Bee Industry Council to provide for the industry's ongoing biosecurity obligations and priorities.

  – The Emergency Animal Disease Response levy has been reduced from 0.7 cents per kilogram to zero commencing 1 April 2015.

  – A Plant Health Australia (PHA) subscription levy and charge has been set at 0.1 cents per kilogram commencing 1 April 2015.

  – A PHA Emergency Plant Pest Response levy and charge has been set at 2.9 cents per kilogram commencing 1 April 2015.

  - The threshold at which the levy and export charge applies to the use of honey in production and the retail sale of honey for producers has been increased from 600 kilograms per annum to 1,500 kilograms per annum, commencing 1 April 2015.

- Laying chickens and meat chicken levy: the levy has been increased to include an Emergency Animal Disease Response component set at 0.03 cents per day-old chick for meat chickens and 1.4 cents per day-old chick for laying chickens, commencing 1 April 2015.

  - This levy has been activated at the request of the Australian Chicken Meat Federation and the Australian Egg Corporation Limited to facilitate repayment of the laying chicken and chicken meat industries' liabilities associated with an emergency response to eradicate avian influenza.

CROSS PORTFOLIO

Commonwealth penalty units — increase in value to reflect inflation

Revenue ($m)

	2014-15	2015-16	2016-17	2017-18	2018-19
Various Agencies	-	5.0	10.0	10.0	20.0

The Government will increase the value of all Commonwealth penalty units from $170 to $180, with effect from 31 July 2015. This increase is broadly consistent with inflation since the value was last adjusted in December 2012. The Government will also introduce ongoing indexation of penalty units based on the Consumer Price Index. Indexation will occur on 1 July every three years, with the first indexation occurring on 1 July 2018. This measure is estimated to have a gain to revenue of $45.0 million over the forward estimates period.

Penalty units are used to describe the amount payable for fines under Commonwealth laws. Commonwealth penalties are generally expressed in terms of penalty units (rather than specific values) to assist in the consistent adjustment of penalties across the Commonwealth statute book. This measure will ensure that financial penalties for Commonwealth offences keep pace with inflation and continue to remain effective in deterring unlawful behaviour.

EDUCATION AND TRAINING

Higher Education Loan Programme — recovery of repayments from overseas debtors

Revenue ($m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Education and Training	-	2.4	6.3	8.6	11.1
Related expense ($m)					
Australian Taxation Office	*-*	*0.7*	*0.4*	*0.2*	*0.2*
Department of Education and Training	*-*	*0.2*	*0.2*	*0.2*	*..*
Department of Immigration and Border Protection	*-*	*0.1*	*..*	*..*	*..*
Total — Expense	*-*	*0.9*	*0.6*	*0.3*	*0.1*
Related capital ($m)					
Australian Taxation Office	*-*	*-*	*0.9*	*-*	*-*

The Government will extend the *Higher Education Loan Programme* (HELP) repayment framework to debtors residing overseas. From 2016-17, HELP debtors residing overseas for six months or more will be required to make repayments of their HELP debt if their worldwide income exceeds the minimum repayment threshold at the same repayment rates as debtors in Australia. This is estimated to recover $26.0 million over four years from 2015-16.

This change is fair to individuals and taxpayers, and is expected to improve the Government's Balance Sheet by more than $140 million over the next 10 years.

Further information can be found in the press release of 2 May 2015 issued by the Minister for Education and Training.

FINANCE

Smaller Government — Property Divestment Programme — general office accommodation Canberra

Revenue ($m)

	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Finance	-	nfp	nfp	-	-
Related expense ($m)					
Department of Finance	*-*	*4.4*	*0.4*	*-*	*-*

The Government will provide $4.8 million over two years from 2015-16 to the Department of Finance to implement the divestment of four general office accommodation buildings (East Block, West Block, ANZAC Park East and ANZAC Park West) in Canberra. The decision is subject to the sale process validating the assumptions underpinning the recommendation of the Scoping Study.

The Government will also continue to review Commonwealth property leases in the ACT to ensure surplus vacant office space is filled by agencies with similar requirements and upcoming lease expiry dates.

Further information can be found in the joint press release of 13 February 2015 by the Minister for Finance and the Parliamentary Secretary to the Minister for Finance.

For commercial confidentiality reasons, the overall positive financial impact of this measure is not for publication (nfp) at this time.

The proceeds from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

Smaller Government — Property Divestment Programme — Mount Macedon Property

Revenue ($m)

	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Finance	-	-	nfp	-	-
Related expense ($m)					
Department of Finance	*-*	*0.3*	*0.2*	*-*	*-*

The Government will provide $0.5 million over two years from 2015-16 to the Department of Finance for the divestment of the property used by the Australian Emergency Management Institute.

Final proceeds will be subject to further due diligence, market conditions and arrangements permitting continued access to part of the property by local community groups.

For commercial confidentiality reasons, the financial impact of this measure is not for publication (nfp) at this time.

The proceeds from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

See also the related 2014-15 Budget measure titled *Australian Emergency Management Institute — establish as a Virtual Institute*.

FOREIGN AFFAIRS AND TRADE

Passport Fees and Charges — reforms

Revenue ($m)

	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Foreign Affairs and Trade	-	1.7	5.0	5.0	5.4
Related expense ($m)					
Department of Foreign Affairs and Trade	-	-	-	..	..

The Government will raise $17.1 million over four years from 2015-16 through reforms to passport fees and charges. The reforms will:

- enable persons aged 16 and 17 to be issued a 10 year validity passport instead of the current five year validity passport;
- create a separate fee category for emergency passports;
- increase the priority processing fee and provide an option for eligible individuals to replace lost, stolen or damaged passports instead of purchasing a new full validity passport; and
- remove the additional fee to replace a lost or stolen passport.

In line with existing passport fees and charges, all fees and charges will be indexed annually by the Consumer Price Index.

IMMIGRATION AND BORDER PROTECTION

Cost Recovery — licensing and import processing

Revenue ($m)

	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Immigration and Border Protection	-	14.1	30.3	31.2	32.1

The Government will restructure the Import Processing Charge (IPC) and import-related licence charges, resulting in additional revenue of $107.6 million over four years from 2015-16.

The IPC will be restructured to recover the cost of cargo and trade-related reform activities, remove the differential charges for post, air and sea cargo declarations, and introduce higher charges for manual documentary declarations.

Licence charges will be restructured for brokers, depots and warehouses, including introducing warehouse and broker licence application charges, increasing the broker licence renewal charge and introducing a warehouse licence variation charge.

The new charges will come into effect on 1 January 2016.

Cost Recovery of Citizenship and adjustment of Visa Application Charges

Revenue ($m)

	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Immigration and Border Protection	-	103.4	109.2	111.1	113.4

The Government will raise $437.1 million in revenue over four years by adjusting the visa application charge (VAC) for a range of visas from 1 July 2015 and by moving to full cost recovery for citizenship costs from 1 January 2016.

VACs for all visa applications made overseas will increase to align them with application charges in Australia, with the exception of Child Visas, for which domestic VACs will be reduced to match overseas VACs. This measure will also increase VACs for a range of visas.

Moving to full cost recovery for citizenship costs is consistent with the Australian Government Cost Recovery Guidelines and is underpinned by the principle that cost recovery promotes equity where the recipients of a government service, rather than the general public, bear its costs.

TREASURY

A new drought preparedness framework — accelerated depreciation for primary producers

Revenue ($m)

	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	-	-20.0	-50.0

The Government will allow all primary producers to immediately deduct capital expenditure on fencing and water facilities such as dams, tanks, bores, irrigation channels, pumps, water towers and windmills.

The Government will also allow primary producers to depreciate over three years all capital expenditure on fodder storage assets such as silos and tanks used to store grain and other animal feed.

These changes will be for income years commencing on or after 1 July 2016. Currently, the effective life for fences is up to 30 years, water facilities is three years and fodder storage assets is up to 50 years.

This measure is estimated to have a cost to revenue of $70.0 million over the forward estimates period.

This measure will improve resilience for those primary producers who face drought, assist with cash flow and reduce red tape by removing the need for primary producers to track expenditure over time.

This measure will form part of the Government's White Paper on Agricultural Competitiveness.

Combatting multinational tax avoidance — a targeted anti-avoidance law

Revenue ($m)

	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	*	*	*	*

The Government will introduce a new targeted anti-avoidance law in Part IVA of the *Income Tax Assessment Act 1936* aimed at multinationals that artificially avoid having a taxable presence in Australia. The new law will apply to tax benefits obtained from 1 January 2016 (under both new and existing schemes). This measure is estimated to have an unquantifiable gain to revenue over the forward estimates period.

The new law will target approximately 30 companies where:

- the activities of an Australian company or other entity are integral to an Australian customer's decision to enter into a contract;

- the contract is formally entered into with a foreign related party to that entity; and
- the profit from the Australian sales is booked overseas and subject to no or low global tax.

Where such arrangements are entered into for a principal purpose of avoiding tax, this measure will ensure that the profits from Australian sales are taxed in Australia.

This measure will apply to companies with global revenue of $1 billion or more.

Combatting multinational tax avoidance — new transfer pricing documentation standards

Revenue ($m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	*	*	*
Related expense ($m)					
Australian Taxation Office	*-*	*0.9*	*3.3*	*1.5*	*1.2*
Related capital ($m)					
Australian Taxation Office	*-*	*-*	*4.4*	*-*	*-*

The Government will implement the Organisation for Economic Co-operation and Development's new transfer pricing documentation standards from 1 January 2016. The Government will provide the Australian Taxation Office (ATO) with $11.3 million over the forward estimates period to implement the new standards. This measure is estimated to have an unquantifiable gain to revenue over the forward estimates period.

Under the new documentation standards, the ATO will receive the following information on large companies that operate in Australia:

- a Country-by-Country Report showing information on the global activities of the multinational, including the location of its income and taxes paid;
- a master file containing an overview of the multinational's global business, its organisational structure and its transfer pricing policies; and
- a local file that provides detailed information about the local taxpayer's intercompany transactions.

Together these reports will provide the ATO with a global picture of how multinational entities operate, assisting it to identify multinational tax avoidance.

This measure will apply to companies with global revenue of $1 billion or more.

Combatting multinational tax avoidance — stronger penalties

Revenue ($m)

	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	*	*	*

The Government will double the maximum administrative penalties that can be applied by the Commissioner of Taxation to large companies that enter into tax avoidance and profit shifting schemes. The increased penalties, under Schedule 1 to the *Taxation Administration Act 1953,* will help to deter tax avoidance and will apply for income years commencing on or after 1 July 2015. This measure is estimated to have an unquantifiable gain to revenue over the forward estimates period.

Penalties will not change for taxpayers who have a 'reasonably arguable' tax position, as defined under Schedule 1.

This measure will apply to companies with global revenue of $1 billion or more.

Employee Share Schemes — further changes to tax treatment

Revenue ($m)

	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	*	*	*	*

Consultations on draft legislation to implement changes to the taxation of the employee share schemes announced in the *Mid-Year Economic and Fiscal Outlook 2014-15* (MYEFO) identified some minor technical changes that could be made to the legislation. This measure addresses these issues by:

- excluding eligible venture capital investments from the aggregated turnover test and grouping rules (for the start-up concession);
- providing the capital gains tax discount to employee share scheme interests that are subject to the start-up concession, where options are converted into shares and the resulting shares are sold within 12 months of exercise; and
- allowing the Commissioner of Taxation to exercise discretion in relation to the minimum three-year holding period where there are circumstances outside the employee's control that make it impossible for them to meet this criterion.

A number of other amendments accompany these changes to make employee share schemes more accessible for Australian businesses and their employees.

These changes will take effect with the remainder of the enabling legislation from 1 July 2015 and are estimated to have a small but unquantifiable cost to revenue over the forward estimates period.

In the 2014-15 MYEFO, the Government announced changes to the taxation of employee share schemes. These changes were designed to make employee share schemes more attractive and accessible for all companies in Australia, and provide additional tax assistance to eligible companies through a start-up concession.

Further information can be found in the media release of 25 March 2015 issued by the Minister for Small Business.

Full Cost Recovery of Superannuation Activities

Revenue ($m)

	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Prudential Regulation Authority	-	11.6	11.6	11.7	12.0

The Government will raise additional revenue of $46.9 million over four years from 2015-16 by increasing the supervisory levies paid by financial institutions. This will fully recover the cost of superannuation activities undertaken by the Australian Taxation Office and the Department of Human Services, consistent with the Government's cost recovery guidelines.

Growing Jobs and Small Business — allow immediate deductibility for professional expenses

Revenue ($m)

	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	-10.0	-10.0	-10.0

The Government will allow businesses to immediately deduct a range of professional expenses associated with starting a new business, such as professional, legal and accounting advice. This measure will be available to businesses from the 2015-16 income year. This measure is estimated to have a cost to revenue of $30.0 million over the forward estimates period.

Currently, some professional costs associated with a new business start-up are deducted over a five year period. Allowing start-ups to immediately deduct these expenses will provide much needed cash flow for these new businesses.

Growing Jobs and Small Business — capital gains tax roll-over relief for changes to entity structure

Revenue ($m)

	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	-	-20.0	-20.0

The Government will allow small businesses with an aggregated annual turnover of less than $2 million to change legal structure without attracting a capital gains tax (CGT) liability at that point. This measure will be available for businesses that change entity type from the 2016-17 income year. This measure is estimated to have a cost to revenue of $40.0 million over the forward estimates period.

CGT roll-over relief is currently available for individuals who incorporate but all other entity type changes have the potential to trigger a CGT liability. This measure recognises that new small businesses might choose an initial legal structure that they later find does not suit them when the business is more established.

Growing Jobs and Small Business — changes to the fringe benefits tax system for work-related electronic devices

Revenue ($m)

	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	*	*	*

The Government will allow a fringe benefits tax (FBT) exemption from 1 April 2016 for small businesses with an aggregated annual turnover of less than $2 million that provide employees with more than one qualifying work-related portable electronic device, even where the items have substantially similar functions. This measure is estimated to have a small but unquantifiable cost to revenue over the forward estimates period.

Currently, an FBT exemption can apply to more than one portable electronic device used primarily for work purposes, but only where the devices perform substantially different functions.

Removing the restriction that a tax exemption is only provided for one work-related portable electronic device of each type will remove confusion where there is a function overlap between different products (such as between a tablet and a laptop).

Growing Jobs and Small Business — expanding accelerated depreciation for small businesses

Revenue ($m)

	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-250.0	-800.0	-850.0	150.0

The Government will significantly expand accelerated depreciation for small businesses by allowing small businesses with aggregate annual turnover of less than $2 million to immediately deduct assets they start to use or install ready for use, provided the asset costs less than $20,000. This will apply for assets acquired and installed ready for use between 7.30pm (AEST) 12 May 2015 and 30 June 2017. Assets valued at $20,000 or more (which cannot be immediately deducted) can continue to be placed in the small business simplified depreciation pool (the pool) and depreciated at 15 per cent in the first income year and 30 per cent each income year thereafter. The pool can also be immediately deducted if the balance is less than $20,000 over this period (including existing pools).

The Government will also suspend the current 'lock out' laws for the simplified depreciation rules (these prevent small businesses from re-entering the simplified depreciation regime for five years if they opt out) until 30 June 2017.

These changes will improve cash flow for small businesses and provide a boost to small business activity and investment.

Small businesses can access accelerated depreciation for the majority of capital asset types. Only a small number of assets are not eligible (such as horticultural plants and in-house software). In most cases specific depreciation rules apply to these assets.

From 1 July 2017, the thresholds for the immediate depreciation of assets and the value of the pool will revert back to existing arrangements.

The measure is estimated to have a cost to revenue of $1.8 billion over the forward estimates period.

Growing Jobs and Small Business — tax cuts for small business

Revenue ($m)

	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-250.0	-950.0	-1,000.0	-1,050.0

The Government will deliver a tax cut to all small businesses through a 1.5 percentage point tax cut for small companies and a five per cent tax discount on income from unincorporated small business activity. These tax cuts will be available from the 2015-16 income year, and are estimated to have a cost to revenue of $3.3 billion over the forward estimates period.

The Government will reduce the company tax rate to 28.5 per cent for companies with aggregated annual turnover less than $2 million. Companies with an aggregated annual turnover of $2 million or above will continue to be subject to the current 30 per cent rate on all their taxable income.

The current maximum franking credit rate for a distribution will remain unchanged at 30 per cent for all companies, maintaining the existing arrangements for investors, such as self-funded retirees.

Individual taxpayers with business income from an unincorporated business that has an aggregated annual turnover of less than $2 million will be eligible for a small business tax discount. The discount will be five per cent of the income tax payable on the business income received from an unincorporated small business entity. The discount will be capped at $1,000 per individual for each income year, and delivered as a tax offset.

This measure will deliver lower taxes to both incorporated and unincorporated small businesses, improving their cash flow and assisting them to grow, compete and hire new workers.

GST — applying to digital products and services imported by consumers

Revenue ($m)

	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	-	150.0	200.0
Related expense ($m)					
Australian Taxation Office	*-*	*-*	*0.7*	*0.1*	*0.1*
Department of the Treasury	*-*	*-*	*-*	*150.0*	*200.0*
Total — Expense	*-*	*-*	*0.7*	*150.1*	*200.1*
Related capital ($m)					
Australian Taxation Office	*-*	*-*	*0.8*	*-*	*-*

The application of the GST will be extended to cross border supplies of digital products and services imported by consumers from 1 July 2017. The measure is estimated to have a gain to GST revenue of $350.0 million over the forward estimates period.

Under the current law, digital products and services imported by consumers are not subject to the GST. This results in forgone GST revenue to the States and Territories and places domestic businesses, which generally have to charge and remit GST on the digital products and services they provide, at a tax disadvantage compared to overseas businesses.

The GST was designed to apply to all products and services, except those specifically exempted, for example fresh food, health and education. This measure ensures that the GST applies to non-exempted products and services, including digital supplies purchased from overseas and from Australia.

This measure will result in Australia being an early adopter of guidelines for business-to-consumer supplies of digital products and services being developed by the Organisation for Economic Co-operation and Development (OECD) as part of the OECD/G20 base erosion and profit shifting project.

This change will require the unanimous agreement of the States and Territories prior to the enactment of legislation.

GST — compliance programme — three year extension

Revenue ($m)

	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	625.2	772.5	863.4
Department of the Treasury	-	-	92.6	88.3	84.6
Total — Revenue	-	-	717.8	860.8	948.0
Related expense ($m)					
Department of the Treasury	-	-	*493.5*	*612.3*	*710.3*
Australian Taxation Office	-	-	*92.6*	*88.3*	*84.6*
Total — Expense	-	-	*586.1*	*700.6*	*794.9*

The Government will provide $265.5 million to the Australian Taxation Office over three years from 2016-17 to continue a range of activities to promote GST compliance.

Arrangements for funding these activities will be settled with the States and Territories in accordance with the *GST Administration Performance Agreement*.

The measure is estimated to increase revenue by $2.5 billion and expenses by $2.1 billion with a net improvement to the Budget of $445.0 million in fiscal terms over the forward estimates period. The revenue includes an additional GST component of $1.8 billion which will be paid to the States and Territories. Commonwealth tax receipts also increase as GST compliance activity leads to the increased collection of unpaid debts from income tax.

GST — not proceeding with a reverse charge for going concerns and farmland

Revenue ($m)

	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	*	*	*	*
Related expense ($m)					
Department of the Treasury	-	*	*	*	*

The Government will not proceed with the previously announced but unenacted measure to replace the current GST-free treatment for supplies of going concerns and farmland with a reverse charge mechanism. The Government had previously announced that it would proceed with the measure in December 2013.

The original measure was intended to reduce the compliance burden for taxpayers. However, during design of the implementation of this measure, it became apparent that proceeding with this measure would have resulted in adverse consequences for taxpayers.

Not proceeding with this measure is estimated to have a small but unquantifiable cost to GST revenue to the States and Territories over the forward estimates period.

Income tax relief for Australian Defence Force personnel deployed overseas

Revenue ($m)

	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	..	..	-	-	-

The Government will provide income tax relief for Australian Defence Force personnel deployed on Operations AUGURY and HAWICK. A full income tax exemption will be provided to personnel on Operation AUGURY, and the overseas forces tax offset will be available to personnel on Operation HAWICK. This measure is estimated to have a negligible cost to revenue over the forward estimates period.

Introducing a cap for salary sacrificed meal entertainment and entertainment facility leasing expenses

Revenue ($m)

	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	20.0	85.0	90.0	100.0

The Government will introduce a separate single grossed-up cap of $5,000 for salary sacrificed meal entertainment and entertainment facility leasing expenses (meal entertainment benefits) for employees. Meal entertainment benefits exceeding the separate grossed-up cap of $5,000 can also be counted in calculating whether an employee exceeds their existing fringe benefits tax (FBT) exemption or rebate cap. All use of meal entertainment benefits will become reportable.

Currently, employees of public benevolent institutions and health promotion charities have a standard $30,000 FBT exemption cap (this will be $31,177 for the first year of the measure, due to the Temporary Budget Repair Levy) and employees of public and not-for-profit hospitals and public ambulance services have a standard $17,000 FBT exemption cap (this will be $17,667 for the first year).

In addition to these FBT exemptions, these employees can salary sacrifice meal entertainment benefits with no FBT payable by the employer and without it being reported. Employees of rebatable not-for-profit organisations can also salary sacrifice meal entertainment benefits, but the employers only receive a partial FBT rebate, up to a standard $30,000 cap ($31,177 for the first year).

This measure will improve the integrity of the tax system by introducing a limit on the use of these benefits.

This measure will apply prospectively from 1 April 2016 to coincide with the start of the FBT year. This measure is estimated to have a gain to revenue of $295.0 million over the forward estimates period.

Luxury car tax — exemption for cars acquired by endorsed public museums and public art galleries

Revenue ($m)

	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-0.5	-0.1	-0.1	-0.1

The Government will allow public museums and public art galleries that have been endorsed by the Commissioner of Taxation as a deductible gift recipient to acquire cars free of luxury car tax. The measure will only be in respect of cars acquired for the purpose of public display, consigned to the collection and not used for private purposes.

This measure will have effect from the date of Royal Assent of the enabling legislation. Assuming a start date in the 2015-16 financial year, the measure is estimated to have a cost to revenue of $0.8 million over the forward estimates period.

Managed investment trusts — transition period to apply the new tax system

Revenue ($m)

	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	45.0	20.0	5.0

The Government is proceeding with the implementation of a new tax system for managed investment trusts with a twelve month transition period. The modernised tax rules will now apply from 1 July 2016. Managed investment trusts can choose to apply them from the earlier start date of 1 July 2015.

This measure is estimated to have a gain to revenue of $70.0 million over the forward estimates period as most managed investment trusts are expected to apply the new rules from 1 July 2016.

- A managed investment trust is a type of collective investment vehicle that is widely held and undertakes primarily passive investment.
- The new rules will reduce compliance costs and make Australian managed investment funds more attractive.

The provision of a transition period responds to stakeholder feedback that many managed investment trusts require additional time to make amendments to their trust deeds and IT systems.

Managed investment trusts and other trusts treated as managed investment trusts will continue to be allowed to disregard the trust streaming provisions for the 2015-16 income year. This will ensure these interim arrangements for managed investment trusts continue to apply until the commencement of the new rules.

Modernising the Offshore Banking Unit regime

Revenue ($m)

	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	12.4	13.6	15.8

Following consultation, the Government will proceed with reforms to modernise the Offshore Banking Unit (OBU) regime and targeted integrity measures. This will apply to income years commencing on or after 1 July 2015. This measure is expected to attract additional mobile financial services activity to Australia as the OBU regime applies a tax rate of 10 per cent to eligible activities and is estimated to have a gain to revenue of $41.8 million over the forward estimates period.

The law will be amended to modernise the OBU tax concession by:

- updating the list of eligible activities to better target genuine mobile financial sector activities by including, for example, leasing arrangements; and
- updating the method of allocating certain expenses between the operations of a taxpayer’s domestic banking unit and the OBU to ensure expenses and revenue are properly matched.

The law will also be amended to improve the integrity of the regime by:

- limiting the availability of the OBU concession by constraining the ability for the domestic bank to transfer ownership of a foreign subsidiary to the OBU part of the bank;

- ensuring internal financial dealings (for example, between the OBU part of an Australian bank and the offshore branch of the bank) are priced on an arm's length basis; and
- codifying the 'choice principle' to remove uncertainty for taxpayers as recommended by the *Australia as a Financial Centre — Building on Our Strengths* report (Johnson Report) by the Australian Financial Centre Forum chaired by Mark Johnson.

On 30 January 2014, the Government announced that it would delay the start date of the former Government's measure to better target and address integrity issues associated with the OBU regime. This delay was to allow for the targeted integrity rules to be fully considered and implemented in one complete package with other OBU reforms that were recommended by the Johnson Report, including the recommendation to review the list of activities eligible for the OBU tax concession.

Further information can be found in the joint media release issued by the Treasurer and the then Assistant Treasurer on 6 November 2013.

Personal income tax — better targeting the Zone Tax Offset to exclude 'fly-in fly-out' and 'drive-in drive-out' workers

Revenue ($m)

	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	105.0	110.0	110.0

The Government will exclude 'fly-in fly-out' and 'drive-in drive-out' (FIFO) workers from the Zone Tax Offset (ZTO) where their normal residence is not within a 'zone'. This measure will take effect from 1 July 2015 and is estimated to have a gain to revenue of $325.0 million over the forward estimates period.

The ZTO is a concessional tax offset available to individuals in recognition of the isolation, uncongenial climate and high cost of living associated with living in identified locations. Eligibility is based on defined geographic zones.

Currently, to be eligible for the ZTO, a taxpayer must reside or work in a specified remote area for more than 183 days in an income year. It is estimated that around 20 per cent of all claimants do not actually live full-time in the zones. Many of these are FIFO workers who do not face the same challenges of remote living that the ZTO was designed to address.

This measure will better target the ZTO to taxpayers who have taken up genuine residence within the zones. This will align ZTO with the original intent of the policy, which was to support genuine residents of zones. For those FIFO workers whose normal residence is in one zone, but who work in a different zone, they will retain the ZTO entitlement associated with their normal place of residence.

Personal income tax — changes to tax residency rules for temporary working holiday makers

Revenue ($m)

	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	100.0	220.0	220.0
Related expense ($m)					
Australian Taxation Office	-	*0.8*	*1.8*	*1.8*	*0.2*
Related capital ($m)					
Australian Taxation Office	-	*0.5*	-	-	-

The Government will change the tax residency rules from 1 July 2016 to treat most people who are temporarily in Australia for a working holiday as non-residents for tax purposes, regardless of how long they are here. This means they will be taxed at 32.5 per cent from their first dollar of income.

Currently, a working holiday maker can be treated as a resident for tax purposes if they satisfy the tax residency rules, typically that they are in Australia for more than six months. This means they are able to access resident tax treatment, including the tax-free threshold, the low income tax offset (LITO) and the lower tax rate of 19 per cent for income above the tax free threshold up to $37,000.

This measure is estimated to have a gain to revenue of $540.0 million over the forward estimates period. The Government will provide $5.1 million to the Australian Taxation Office to implement this measure.

Personal income tax — increasing the Medicare levy low-income thresholds

Revenue ($m)

	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-81.0	-50.0	-50.0	-50.0

The Government will increase the Medicare levy low-income thresholds for singles, families and single seniors and pensioners from the 2014-15 income year, to take account of movements in the Consumer Price Index so that low-income taxpayers generally continue to be exempted from paying the Medicare levy. The threshold for singles will be increased to $20,896. For couples with no children, the threshold will be increased to $35,261 and the additional amount of threshold for each dependent child or student will be increased to $3,238. For single seniors and pensioners, the threshold will be increased to $33,044. This measure is estimated to have a cost to revenue of $231.0 million over the forward estimates period.

Personal income tax — modernising the methods used for calculating work-related car expense deductions

Revenue ($m)

	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	270.0	280.0	295.0

The Government will modernise the methods of calculating work-related car expense deductions from the 2015-16 income year. The ‘12 per cent of original value method’ and the ‘one-third of actual expenses method’, which are used by less than two per cent of those who claim work-related car expenses, will be removed. The ‘cents per kilometre method’, will be modernised by replacing the three current rates based on engine size with one rate set at 66 cents per kilometre to apply for all motor vehicles, with the Commissioner of Taxation responsible for updating the rate in following years. The ‘logbook method’ of calculating expenses will be retained. These changes will not affect leasing and salary sacrifice arrangements.

These changes will better align car expense deductions with the average costs of operating a motor vehicle. This measure is estimated to have a gain to revenue of $845.0 million over the forward estimates period.

Personal income tax — removing an income tax exemption for government employees

Revenue ($m)

	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	1.3	2.7	2.7

The Government will remove an income tax exemption that is currently available to government employees who earn income while delivering Official Development Assistance overseas for more than 90 continuous days. This measure will take effect from 1 July 2016 and is estimated to have a gain to revenue of $6.7 million over the forward estimates period.

This measure will remove the inconsistent taxation of government employees delivering Official Development Assistance overseas by ensuring that their foreign earnings are treated as assessable income in Australia.

Australian Defence Force and Australian Federal Police personnel and individuals delivering Official Development Assistance for a charity or private sector contracting firm will maintain eligibility for the exemption.

Philanthropy — specifically listing the Global Infrastructure Hub as an income tax exempt entity

Revenue ($m)

	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	-	-	-

The Government will ensure that the Global Infrastructure Hub (the Hub) is exempt from income tax by amending Division 50 of the *Income Tax Assessment Act 1997* to specifically list it as an income tax exempt entity. This measure is estimated to have no revenue impact over the forward estimates period.

The Hub was established following a joint statement from the Prime Minister and the Treasurer at the G20 Leaders' Summit in November 2014. The Hub will work internationally to lift the quality and quantity of public and private investment in infrastructure through information development, knowledge sharing, training and the implementation of leading practices.

The mandate for the Hub will cease in 2018 and the exemption from income tax will apply to amounts that would be included in assessable income from 24 December 2014 to 30 June 2019.

Philanthropy — updates to the list of specifically listed deductible gift recipients

Revenue ($m)

	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-0.2	-1.2	-1.2	-0.9

Since the *Mid-Year Economic and Fiscal Outlook 2014-15*, the following organisations have been approved as specifically listed deductible gift recipients (DGRs) from 1 January 2015:

- International Jewish Relief Limited; and
- National Apology Foundation.

The following organisations, which are currently listed as DGRs, have had their listings extended, to expire on 31 December 2017:

- National Boer War Memorial Association; and
- Australian Peacekeeping Memorial Project.

Taxpayers may claim an income tax deduction for gifts of money or property to DGRs.

This measure is estimated to have a cost to revenue of $3.5 million over the forward estimates period.

Release of superannuation for terminal medical condition — relaxing criteria

Revenue ($m)

	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-0.3	..	..	..

From 1 July 2015, the Government will extend access to superannuation for people with a terminal medical condition. Currently, patients must have two medical practitioners (including a specialist) certify that they are likely to die within one year to gain unrestricted tax free access to their superannuation balance. The Government will change this period to two years. This will give terminally ill patients earlier access to their superannuation.

This measure is estimated to have a cost to revenue of $0.3 million over the forward estimates period.

Research and Development tax incentive — introducing a $100 million expenditure cap

Revenue ($m)

	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	-	-	-

The Government has introduced a cap of $100 million on the amount of eligible research and development (R&D) expenditure for which companies can claim a tax offset at a concessional rate under the R&D tax incentive. Expenditure beyond the $100 million cap will receive a lower offset at the company tax rate.

These changes apply in relation to assessments for income years commencing on or after 1 July 2014. This measure also includes provisions for the changes to be reviewed five years following Royal Assent and to sunset 10 years following the start date of 1 July 2014.

Under the R&D tax incentive, companies can claim a refundable tax offset of 43.5 per cent if their turnover is less than $20 million or a non-refundable tax offset of 38.5 per cent.

This measure replaces the measure announced by the previous Government in the 2013-14 Budget, *A Plan for Australian Jobs – Research and Development tax incentive – better targeting*, and was included as a 'decision taken but not yet announced' in the *2014-15 Mid-Year Economic and Fiscal Outlook*.

This measure is estimated to have a financial impact similar to the measure it replaced; therefore, it will have no impact on the Budget bottom line.

Serious Financial Crime taskforce — addressing financial and tax fraud

Revenue ($m)	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	31.8	107.9	141.6	138.4
Related expense ($m)					
Australian Taxation Office	*-*	*29.5*	*32.2*	*32.7*	*33.2*
Department of the Treasury	*-*	*0.1*	*0.6*	*1.1*	*1.4*
Total — Expense	*-*	*29.6*	*32.8*	*33.8*	*34.6*

The Government will provide $127.6 million over four years to a Serious Financial Crime taskforce for investigations and prosecutions that will address superannuation and investment fraud, identity crime and tax evasion.

The aim of the taskforce is to maintain integrity and community confidence in Australian financial markets and regulatory systems.

The taskforce agencies include the Australian Taxation Office, Australian Crime Commission, Australian Federal Police, Attorney-General's Department, Australian Transaction Reports and Analysis Centre, Australian Securities and Investments Commission, Commonwealth Director of Public Prosecutions and Australian Customs and Border Protection Services.

The measure is estimated to increase revenue by $419.7 million and expenses by $130.8 million with a net improvement to the Budget of $288.9 million in fiscal terms over the forward estimates period. The revenue includes an additional GST component of $3.2 million, which will be paid to the States and Territories.

Further information can be found in the media release of 5 May 2015 issued by the Treasurer.

Strengthening Australia's foreign investment framework

Revenue ($m)

	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	115.0	185.0	215.0	220.0
Related expense ($m)					
Australian Taxation Office	-	*11.8*	*9.6*	*8.2*	*7.6*
Department of the Treasury	-	*10.9*	*7.7*	*7.5*	*7.6*
Department of Agriculture	-	*0.2*	*0.2*	*0.2*	*0.2*
Total — Expense	-	*22.9*	*17.5*	*15.8*	*15.3*
Related capital ($m)					
Australian Taxation Office	-	*9.2*	*1.1*	-	-
Department of the Treasury	-	*1.7*	-	-	-
Total — Capital	-	*10.9*	*1.1*	-	-

The Government will strengthen Australia's foreign investment framework through improved compliance and enforcement, stricter penalties, the introduction of application fees, and more scrutiny and greater transparency for agricultural investment.

The introduction of application fees on all real estate, business and agricultural foreign investment proposals from 1 December 2015 is estimated to raise $735.0 million in revenue over the forward estimates period.

The Government will provide $19.7 million over four years from 2015-16 to the Department of the Treasury and $47.5 million to the Australian Taxation Office to improve compliance and strengthen the enforcement of Australia's foreign investment framework. The Government will also provide $0.6 million to the Department of Agriculture to advise on specific agricultural foreign investment proposals.

Under the new arrangements, increased criminal penalties and a new civil pecuniary penalties regime will be introduced for breaches of the *Foreign Acquisitions and Takeovers Act 1975*. A reduced penalty period for foreign investors that have previously breached the foreign investment rules in relation to residential real estate has been provided until 30 November 2015. These investors may avoid prosecution, but will be required to divest the property.

Increased scrutiny and transparency around the levels of foreign investment in agriculture will be achieved by lowering screening thresholds and introducing a foreign ownership register.

In addition, the Government will provide $15.8 million over four years to establish a Treasury office in Sydney. Establishing an office in Sydney will enable the Treasury to engage with the private sector more effectively on a range of issues, including foreign investment. It will also enable the Treasury to attract talented people with specialist skills and experience to augment the current skills of the department.

Further information on strengthening Australia's foreign investment framework can be found in the joint media release of 2 May 2015 issued by the Prime Minister and the Treasurer.

Tax administration — statutory remedial power for the Commissioner of Taxation

Revenue ($m)

	2014-15	2015-16	2016-17	2017-18	2018-19
Australian Taxation Office	-	-	-	-	-

The Government will provide the Commissioner of Taxation with a power to make a legislative instrument to modify the operation of the tax law to ensure that the law's purpose or object is achieved. The measure will have effect from the date of Royal Assent of the enabling legislation. This measure is estimated to have no revenue impact over the forward estimates period.

The nature and volume of tax law and its evolution has sometimes produced unforeseen or unintended outcomes when applied. The statutory remedial power will allow the Commissioner to administer the law consistently with its purpose or object, where it has no more than a negligible budget impact and provided it has a beneficial outcome for affected taxpayers. This measure will reduce the regulatory burden on taxpayers by enhancing certainty.

A legislative instrument made by the Commissioner will be subject to extensive consultations and disallowance by Parliament.