



Report tabled on the Tax Expenditures Statement

The Tax Expenditures Statement measures the use of tax concessions by taxpayers. Large tax expenditures include the capital gains tax exemption on the main residence, superannuation, and GST exemptions (e.g. food, health and education).

The House Tax Committee today tabled its report into the Statement. The Committee found that the Statement achieves its goals of facilitating scrutiny of tax expenditures and informing the tax debate, but it is also important to remember that it is only a starting point for analysis.

The Committee made a number of recommendations to improve the Statement. These included Treasury conducting prioritised reviews of tax expenditures, developing a way to aggregate all expenditures, and consulting more with stakeholders. The Committee also recommended that Treasury include some longer term estimates where a tax expenditure is expected to vary beyond the forward estimates in the budget.

The Committee recommended that the capital gains exemption for a main residence be included in the Statement's benchmarks, and hence no longer be reported. This would reflect the fact that principal residences constitute the majority of the tax base and that the tax concession is unlikely to be revoked. New South Wales takes a similar approach in its Statement in relation to land tax.

The Committee considered how the Statement should handle superannuation tax concessions, concluding that the current approach should be retained (i.e. that the 'income tax benchmark' continue to be used). It made additional recommendations in relation to superannuation tax concessions, including that Treasury model their long term costs and benefits.

Committee Chair Bert van Manen said, "The Statement is held in high regard internationally and it is an integral part of budget transparency. Although there are opportunities for improvement, I commend Treasury on producing a document of such high quality given the technical complexity."

For media comment: please contact Jessica Reid on 0437 731 858.

For information about the inquiry: please contact the committee secretariat by telephone (02) 6277 4821, e-mail taxrev.reps@aph.gov.au, or visit the committee website <http://www.aph.gov.au/taxrev>.