



New inquiry into the Tax Expenditures Statement

The Chair of the House Tax Committee, Bert van Manen MP, today announced an inquiry into the Tax Expenditures Statement (TES). The TES provides details of concessions, benefits, incentives and charges provided through the tax system (tax expenditures) to taxpayers by the Australian Government.

Total revenue in 2014-15 is estimated at \$352 billion. Grouping together categories, the largest tax expenditures for 2014-15 are estimated at:

- capital gains tax exemption on the main residence – \$46 billion
- concessional treatment of superannuation – \$29.7 billion
- GST exemptions (food, education etc) – \$21.6 billion.

The inquiry follows on from past reviews, including from the Auditor-General in 2008 and 2013. The 2013 audit found that some of the recommendations from the first audit had not been fully implemented or had been discontinued. The Auditor-General's recommendations cover:

- better integrating tax expenditures in the Budget process
- regular reviews of tax expenditures
- improving the quality of tax expenditure estimates.

Mr van Manen said, "Preparing the Statement is a challenge. Treasury and the ATO must make a range of assumptions and work with limited data. However, it is an important document and the Committee would like to see which improvements can yield the most benefit."

"The Auditor-General is an officer of the Parliament and makes a significant contribution to public administration. The Committee looks forward to receiving the advice of the Audit Office in this inquiry," he said.

The terms of reference for the inquiry are:

The Committee will inquire into the Tax Expenditures Statement, including the recommendations made by:

- *the Australian National Audit Office in its reports of May 2008 and May 2013*
- *the Joint Committee of Public Accounts and Audit in its report of June 2009*
- *the Australia's Future Tax System Review of December 2009 (recs 137-139).*

The Committee will not examine the policy arguments around individual tax expenditures.

The Committee invites interested persons and organisations to make submissions addressing the terms of reference by Friday, 24 July 2015.

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>.