STATEMENT 5: REVENUE

The outlook for tax receipts in 2010-11 and 2011-12 is significantly weaker against a more subdued near term economic outlook and larger than anticipated losses associated with the global financial crisis. Since the 2010-11 MYEFO, tax receipts in 2010-11 and 2011-12 have been revised down by a total of $16.3 billion (with downward revisions since the 2010-11 Budget of $19.1 billion over the same period).

Tax receipts in 2012-13 and over the remainder of the forward estimates are projected to improve with the strong outlook for the economy, and in broad terms, remain little changed from the levels of tax receipts expected at the 2010-11 Budget and 2010-11 MYEFO. The benefits to tax receipts of stronger growth prospects from 2011-12, underpinned by the resources boom, are moderated by significant depreciation expenses associated with strong investment in mining, continued caution on the part of consumers, a strong dollar and the continued utilisation of losses associated with the global financial crisis.

Over the four years from 2010-11 to 2013-14, tax receipts have been revised down by $12.4 billion since the 2010-11 MYEFO (with revisions since the 2010-11 Budget of $22.3 billion).

STATEMENT 5: REVENUE

OVERVIEW

Total tax receipts have been revised down by $9.8 billion in 2010-11 and $6.6 billion in 2011-12 relative to the *Mid-Year Economic and Fiscal Outlook 2010-11* (MYEFO). The $16.3 billion write downs in tax receipts over these two years more than account for the total downward revisions in tax receipts of $12.4 billion over the four years from 2010-11 to 2013-14. Table 1 reconciles this Budget's tax receipts estimates with those at the 2010-11 Budget and the 2010-11 MYEFO.

The significant revisions in tax receipts in 2010-11 and 2011-12 reflect an economy buffeted in the short term by the natural disasters in early 2011, a strong dollar and the legacy of the global financial crisis. That legacy is seen clearly in the emergence of a more 'cautious consumer' and subdued household demand. It is also evident in the larger-than-anticipated losses accumulated during the global financial crisis.

The outlook for tax receipts improves from 2012-13, on the back of a projected recovery in the economy buoyed by stronger terms of trade, and assisted by policy measures. Despite a lower starting point, tax receipts are projected to remain at levels broadly similar to those in the 2010-11 MYEFO.

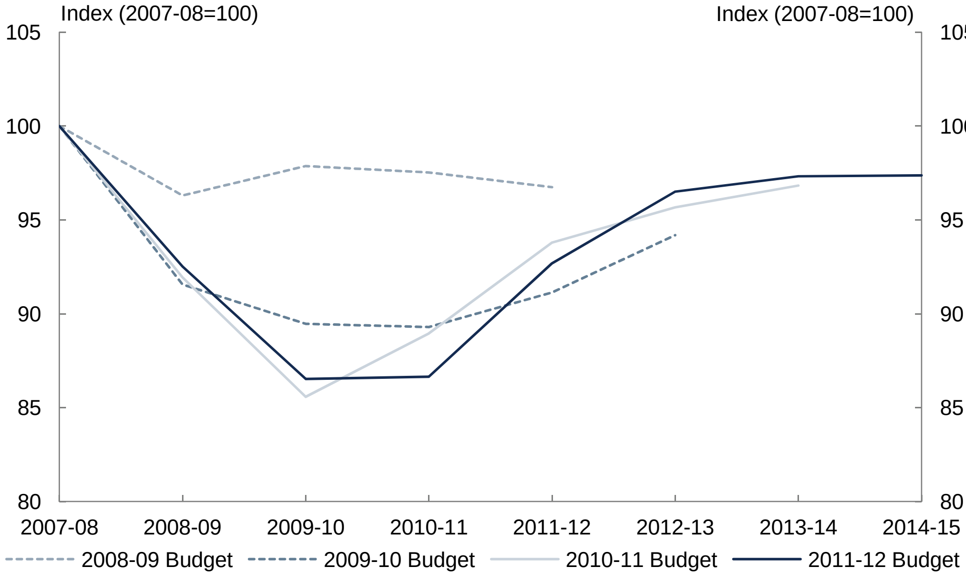
The recovery in tax receipts within the forward estimates period is, however, more moderate than might be suggested by the strong terms of trade and the resurgent resources boom. This reflects both significant depreciation expenses associated with strong investment in the mining sector, and conditions remaining challenging in those sectors not benefitting from the resources boom. Continued caution on the part of consumer, a strong dollar and losses associated with the financial crisis work also to dampen tax receipts over the remainder of the forward estimates period.

Table 1: Reconciliation of Australian Government general government taxation receipts estimates from the 2010-11 Budget

	Estimates			Projection
	2010-11	2011-12	2012-13	2013-14
	$m	$m	$m	$m
Tax receipts at 2010-11 Budget	**294,338**	**328,366**	**353,747**	**378,164**
Changes from 2010-11 Budget to 2010-11 MYEFO	-2,069	-680	-1,420	-5,744
Tax receipts at 2010-11 MYEFO	**292,269**	**327,686**	**352,327**	**372,420**
Changes from 2010-11 MYEFO to 2011-12 Budget	-9,754	-6,583	1,099	2,879
Tax receipts at 2011-12 Budget	**282,515**	**321,103**	**353,426**	**375,298**

The weaker outlook for tax receipts in the near term means that the tax-to-GDP ratio is expected to be slightly lower than levels projected in the 2010-11 Budget (Chart 1). The outlook now is for a relatively slower, more extended recovery in tax receipts relative to GDP. Nonetheless, by 2012-13, tax receipts as a share of GDP are broadly in line with expectations at the time of the 2010-11 Budget.

Chart 1: Tax-to-GDP ratio



Source: Treasury estimates.

Total receipts (that is, tax receipts and non-tax receipts) have been revised down in 2010-11 and 2011-12 but have been revised up since 2010-11 MYEFO in the latter part of the forward estimates.

Table 2 provides a summary of receipts estimates and projections.

Table 2: Australian Government general government receipts

	Actual	Estimates			Projections	
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Total taxation receipts ($b)	**261.0**	**282.5**	**321.1**	**353.4**	**375.3**	**395.4**
Growth on previous year (%)	-4.3	8.3	13.7	10.1	6.2	5.3
Per cent of GDP	20.3	20.3	21.8	22.7	22.9	22.9
Non-taxation receipts ($b)	**23.7**	**21.2**	**21.3**	**25.1**	**20.6**	**20.1**
Growth on previous year (%)	18.6	-10.6	0.5	17.9	-17.8	-2.7
Per cent of GDP	1.8	1.5	1.4	1.6	1.3	1.2
Total receipts ($b)	**284.7**	**303.7**	**342.4**	**378.5**	**395.9**	**415.5**
Growth on previous year (%)	-2.7	6.7	12.7	10.6	4.6	4.9
Per cent of GDP	22.2	21.9	23.2	24.3	24.1	24.0

Receipts estimates are measured on a cash basis while revenue estimates refer to accrual based estimates. See Appendix E for further detail regarding the differences between cash and accrual concepts.

Table 3 provides a summary of revenue estimates and projections.

Table 3: Australian Government general government revenue

	Actual	Estimates			Projections	
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Total taxation revenue ($b)	**268.0**	**290.3**	**329.2**	**362.1**	**383.9**	**404.9**
Growth on previous year (%)	-3.8	8.3	13.4	10.0	6.0	5.5
Per cent of GDP	20.9	20.9	22.3	23.2	23.4	23.4
Non-taxation revenue ($b)	**24.8**	**20.5**	**20.7**	**21.0**	**21.2**	**21.0**
Growth on previous year (%)	22.1	-17.3	1.1	1.5	1.0	-1.3
Per cent of GDP	1.9	1.5	1.4	1.3	1.3	1.2
Total revenue ($b)	**292.8**	**310.8**	**350.0**	**383.1**	**405.2**	**425.8**
Growth on previous year (%)	-2.1	6.2	12.6	9.5	5.8	5.1
Per cent of GDP	22.8	22.4	23.7	24.6	24.7	24.6

WEAKER TAX RECEIPTS IN THE NEAR TERM

The outlook for tax receipts has been significantly revised down in the near term, with 2010-11 and 2011-12 being the most significantly affected, and revisions forecast across all key revenue heads. In total, tax receipts have been revised down since MYEFO by $16.3 billion in 2010-11 and 2011-12, reflecting a $9.8 billion downward revision in 2010-11 and $6.6 billion downward revision in 2011-12.

The downward revisions in 2010-11 and 2011-12 reflect:

- more subdued short term economic conditions with growth in 2010-11 impacted by natural disasters, more cautious behaviour on the part of consumers, and a strong dollar; and
- larger than anticipated losses accumulated during the financial crisis.

Subdued economic conditions

Natural disasters, more subdued household demand and a strong exchange rate have all contributed to lower forecasts of real GDP growth and nominal incomes in 2010-11. The one percentage point downward revision to nominal GDP in that year lowers tax receipts in 2010-11 and, given lags in the tax system, continues to impact in 2011-12.

As the downward revision to forecast economic growth in 2010-11 is predominantly in corporate profits and consumption, there are consequent downward revisions to consumption taxes, mainly GST receipts, as well as company taxes over both 2010-11 and 2011-12. Recent softness in aggregate wages is similarly reflected in lower individuals' income tax withholding receipts over both 2010-11 and 2011-12.

Domestic natural disasters in early 2011 are, on their own, estimated to reduce tax receipts by broadly around $1¾ billion, with the impact felt predominantly in 2010-11 and 2011-12, and a broad range of revenue heads likely to be affected (see Box 1).

The significant downward revisions to household consumption expenditure is expected to primarily affect GST receipts and other consumption based taxes such as excise and customs duty. In total, these have been revised down by $1.1 billion in 2010-11 and $1.3 billion in 2011-12. There is increasing evidence to suggest that there has been a fundamental shift by households to consolidate their household balance sheets in the wake of the global financial crisis while, at the same time, there has been a general tightening in financial conditions in the aftermath of the crisis.

The exchange rate has been strengthening over most of 2010-11. The 2011-12 Budget assumption of US$1.07 per Australian dollar is significantly higher than either the 2010-11 MYEFO assumption or 2010-11 Budget assumption. The stronger Australian dollar works to dampen corporate profits in both the mining and non-mining sectors, and boost consumption of imports. Overall, a stronger exchange rate tends to lead to lower company taxes, and somewhat higher consumption taxes, with the overall impact detracting from total tax receipts.

Continuing legacy of the global financial crisis

From the onset of the global financial crisis it had been anticipated that the crisis would hit tax receipts hardest in 2010-11, with a still significant effect continuing in 2011-12. Between the 2008-09 and 2009-10 Budgets, tax receipts for 2010-11 were initially revised down by $54 billion, with a further $45 billion revision to 2011-12 tax receipts.

Although, in subsequent updates, this estimate was revised upwards given a faster than anticipated economic recovery, the magnitude of the anticipated loss of tax receipts in these years remained large, reflecting the pattern of expected loss utilisation. Together with the latest revisions to tax receipts, total tax receipt write-downs in 2010-11 since the 2008-09 Budget are still expected to be around $40 billion, or $14 billion less than was initially expected. For 2011-12, tax receipts remain around $15 billion lower than at the 2008-09 Budget.

Box 1: Natural disasters hinder receipts

The significant reduction in economic activity and incomes associated with natural disasters, such as Cyclone Yasi and the flooding in eastern Australia, are expected to have a significant adverse impact on tax receipts.

The Australian natural disasters are expected to result in around $9 billion in lost real output, and subtract around ½ of a percentage point from real GDP in 2010-11, with the major impact falling on the mining and agricultural sectors. Coupled with the output loss associated with disasters outside Australia, most notably that in Japan, the estimated impact of these recent natural disasters is expected to reduce real GDP by ¾ of a percentage point (see Box 2, Statement 2).

The cyclone and floods have disrupted coal production in Queensland due to the flooding of a number of coal mines, while floods have destroyed many crops in Queensland and Victoria. Losses within the mining and agricultural sectors will reduce current and future income tax receipts. Indeed, more generally, the losses incurred by businesses can have a significant impact on revenue over the medium to long term as they are available to be claimed as deductions against income earned in future financial years.

This reduction in economic activity and incomes impacts on a broad range of tax receipts. The disruption to economic activity and destruction of fixed capital (including buildings and equipment) will be reflected in reduced profits and hence lower company taxes and personal taxes. There may also be a temporary increase in unemployment in affected regions, lowering individuals' income taxes. In the immediate period following a natural disaster, consumption (particularly discretionary consumption) is reduced, affecting indirect taxes such as GST and excise duties. The lower consumption can also be expected to adversely affect business profits and hence further reduce company taxes.

Overall, the production losses associated with recent natural disasters are estimated to reduce tax receipts by an estimated $1¾ billion across the forward estimates, with the impact falling almost entirely in 2010-11 and 2011-12. However, losses remain in the system for some years.

The need to replace buildings, rebuild plant and equipment, and consumers replacing their stocks of damaged goods are likely to see a boost to economic activity over the next few years, with some associated recovery in tax receipts.

There is increasing evidence that the effects of the subdued economy on receipts have been exacerbated by what are now seen to be larger than previously anticipated losses incurred during the global financial crisis.

In the 2010-11 Budget, it was observed that while past economic cycles provided some indication of loss utilisation as the economy recovers, the relative depth and extent of the global financial crisis — and how it would impact on the Australian economy — made this comparison particularly difficult (Budget Statement 5, Budget Paper 1, 2010-11).

With the benefit of further information, it has become clearer that the extent of capital losses incurred during the crisis is significantly larger than was anticipated previously (Box 2). Indeed, the stock of capital losses in 2008-09 is estimated to have climbed to over 20 per cent of GDP, or more than double 2007-08 levels.

The utilisation of these losses as well as operating losses has driven significant downward revisions to receipts since 2010-11 MYEFO, primarily in company tax and other individuals' tax receipts.

The larger quantum of losses means that it will take longer to recoup those losses. Loss utilisation can also be expected to be drawn out over a longer period given the weaker recovery in profits and growth in 2010-11.

While not felt as strongly as in 2010-11, it is anticipated that these losses will continue to exert a larger and more significant influence in 2011-12 on company tax receipts, and capital gains tax receipts more broadly, than had previously been anticipated, and continue to impact on receipts for some years after that.

With the share market still well below its pre-crisis peak, and the housing market remaining sluggish, wealth has been slow to recover. To put it in perspective, at the 2008-09 Budget, the ASX200 was around 5600 points. Had the share market risen at its historical average, it would be around 7000 now—rather than its current level of less than 5000 points. Meanwhile gains from the property market have also been subdued. This further exacerbates the weakness in capital gains tax receipts.

The past losses and slow recovery in wealth are suggestive of capital gains tax receipts not returning to pre-crisis levels for some years. Capital gains tax is expected to be $3.2 billion lower in 2010-11, and $3.0 billion lower in 2011-12, than anticipated at 2010-11 MYEFO.

Box 2: Capital Gains Tax

The rapid deterioration of financial asset values during the global financial crisis has had a pronounced effect on CGT receipts, which is compounded by the subdued recovery in wealth.

Net capital gains were $30 billion for 2008-09, which is $60 billion lower than for 2007-08. The stock of capital losses more than doubled from $104 billion in 2007-08 (8.8 per cent of GDP) to $260 billion in 2008-09 (20.8 per cent of GDP), the latest year for which data are available (Chart A). The stock of losses was also around double the average over the period 2000-01 to 2007-08.

Chart A. Stock of capital losses as share of GDP

Source: 2008-09 Taxation Statistics, Australian Taxation Office.

The full impact of these losses on future CGT receipts depends on when the stock of accumulated losses is claimed against future gains. Although it is difficult to gauge from history how quickly these losses will be used, two factors suggest continued softness in CGT receipts.

Firstly, features of the tax system (such as CGT only being levelled on realised gains) mean that, like company tax, CGT is partly paid in the years after capital income is earned. A major proportion of capital gains earned during the 2009-10 and 2010-11 income years will be offset by the utilisation of the large stock of losses. This results in a more subdued outlook for CGT receipts in 2010-11 and 2011-12, despite the recovery in other forms of revenue.

Secondly, history shows that existing losses in the system take a considerable time to be run down. For example, there was only a modest draw down of losses between the 2003-04 and 2006-07 income years — a period of strong asset price growth. This suggests a much longer period of strong asset price growth will be needed to draw down the large 2008-09 stock of losses.

Taken together, the weaker economic conditions in 2010-11, and larger than anticipated losses incurred during the global financial crisis, have led to downward revisions to 2010-11 company tax receipts since MYEFO of around $5.3 billion. Notably, a significant part of the 2010-11 weakness relates to weaker than expected company tax payments in respect of the 2009-10 year and the natural disasters in the latter half of 2010-11, though a softer outlook for capital gains in 2010-11 is also a factor. In 2011-12, company taxes have been revised down by a further $2.6 billion.

Individuals' income taxes have been revised down since MYEFO by $2.7 billion in 2010-11 and $2.8 billion in 2011-12, reflecting both recent weakness in aggregate wages associated with the weaker economic growth in 2010-11, as well as lower than anticipated capital gains.

The global financial crisis had the biggest impact on taxes from profits, capital gains and consumption (Box 1, Budget Statement 5, Budget Paper 1, 2010-11) and it is these taxes that still remain below their pre-crisis levels. In contrast, taxes on wages are expected to recover to their pre-crisis forecasts in 2010-11.

LONGER TERM RECOVERY IN TAX RECEIPTS

From 2012-13, tax receipts are expected to recover from the weakness characterising 2010-11 and 2011-12. Indeed, the pickup in tax receipts is expected to be slightly stronger in 2012-13 and 2013-14 than anticipated at 2010-11 MYEFO. In level terms, however, given the lower starting base, tax receipts in 2012-13 and 2013-14 remain broadly in line with those projected at the time of the 2010-11 MYEFO.

The stronger outlook for the terms of trade associated with the current mining boom that buoys the economic outlook over the next few years, is expected to flow through to higher nominal incomes and employment from 2011-12, which in turn should provide some boost to income taxes from 2012-13. The improvement in the terms of trade also boosts the incomes received from commodity exports, which are expected to be reflected in a stronger outlook for resource rent taxes.

That said, substantial capital investment in the mining sector, softer prospects in sectors not directly benefitting from the resources boom, the strong dollar and consumer caution, along with loss utilisation will all work to moderate tax receipts over the forward estimates.

Mining boom mark II

It is not anticipated that the strong surge in tax receipts experienced under mining boom mark I (mid-2000s before the global financial crisis) will be replicated under mining boom mark II (currently in prospect). Abstracting from policy decisions, tax receipts are estimated to have grown by around 11 per cent per year during mining boom mark I. By comparison, tax receipts (excluding policy) are estimated to grow at rates that are around a third less than this between 2012-13 and 2014-15.

The anticipated surge in mining investment, coupled with conditions remaining challenging in sectors not benefitting from the resources boom, and continued subdued household demand, all point to a more tempered outlook for receipts under the mining boom mark II relative to the earlier boom.

Anticipated surge in mining investment

A key difference relates to capital expenditure by the mining sector over coming years. Even allowing for the fact that the mining sector tends to be highly capital intensive in general, the current mining boom looks set to be associated with a substantially stronger increase in investment compared with the earlier mining boom. During mining boom mark I, mining investment as a share of GDP increased from 1 per cent to 3 per cent. During the current boom mining investment is forecast to rise to 6 per cent of GDP in 2011-12.

While this is in itself not surprising, as the current mining boom is occurring at a time when the terms of trade have already been at record highs for a number of years, along with this rapidly growing capital base come significantly rising tax deductions, which work to reduce the company taxes payable. Over the longer term, as the associated production comes on line (and depending on commodity prices prevailing at the time), one would expect to see higher tax receipts from the mining sector.

Box 3 provides further detail comparing the mining boom of the mid-2000s with the current mining boom.

The multi-speed economy

Another key difference explaining the softer receipts outlook in prospect in mining boom mark II relative to the earlier boom is an apparent divergence of fortunes between the mining sector and sectors of the economy not benefiting directly from the resources boom.

Box 3: Company tax and a surge in mining investment

The mining boom in the mid-2000s saw a surge in mining profits and tax receipts. After the global financial crisis, the terms of trade is rising again, as are profits in the mining sector (Box 4, Statement 2). However, differences between the earlier mining boom and the mining boom in prospect suggest that there is unlikely to be an accompanying surge in company tax receipts for some years.

In 2003-04, mining gross operating surplus (GOS) was around 15 per cent of total private corporate GOS. It is presently around a third. That is, the mining sector now accounts for a larger share of the company tax base.

However, the mining sector is highly capital intensive, and hence tends to have a larger capital stock available for depreciation deductions. Over the decade to 2008-09, the mining sector accounted for over 20 per cent of total corporate GOS, but only around 10 per cent of company tax receipts. A rising share of the capital intensive mining sector, with relatively larger deductions, is therefore expected to have a dampening effect on growth in company tax receipts relative to growth in corporate profitability.

As a result of the surge in mining profits, the overall ratio of company tax to private corporate GOS fell from 20.3 per cent in 2003-04 to 18.1 per cent in 2008-09 (Chart A). Given the mining sector's currently larger share of GOS, it is reasonable to anticipate the current mining boom will be associated with an even larger decline in this ratio.

Chart A: Ratio of company tax to corporate GOS — Mining versus non-mining

Source: ABS, ATO, Treasury estimates.

Box 3: Company tax and a surge in mining investment (continued)

However, there is another, even more, important factor. While mining investment did increase during the boom of the last decade, the increase in mining GOS was not accompanied by a commensurate increase in the capital stock. By contrast, the current mining boom is expected to be associated with a substantial increase in investment by the mining sector. There is a massive pipeline of investment that is expected from the mining sector over the forecast period (Box 4, Statement 2) such that mining investment intentions for the next year are outstripping private business investment plans for the rest of the economy.

This implies that the re-emergence of the boom over the forward estimates is projected to be accompanied by a significant increase in the capital stock. This increase, which underpins higher levels of deprecation expenses, means that depreciation is projected to grow faster than GOS for the whole economy across the forward estimates. Depreciation expenses relative to GOS are projected to increase even faster in the mining sector than the economy as a whole (Chart B).

Chart B: Depreciation expenses as proportion of corporate GOS — mining versus whole economy

Source: ABS, Treasury estimates.

Higher levels of depreciation expenses mean that the levels of taxable income, and thus company tax receipts, are lower than would have been the case otherwise.

The improvements in the medium term economic outlook since MYEFO driven by stronger capital investment (and higher associated levels of depreciation expenses) in the mining sector, are therefore expected to be accompanied by a relatively more subdued outlook for company tax receipts.

The strong Australian dollar (the Budget assumes an exchange rate of US$1.07 per Australian dollar compared with an average of US$0.78 during the boom of the mid-2000s), continued subdued household consumption and the legacy of the global financial crisis are all expected to dampen tax receipts from sectors not directly benefitting from the resources boom. While corporate profits outside the resources sector grew solidly during mining boom mark I (at around 9 per cent per year), they have been weak in the early stages of the current one. Indeed, over 2010, mining profits grew by around 60 per cent while non-mining profits fell slightly.

The utilisation of losses associated with the global financial crisis is also expected to impact on tax receipts over the entire forward estimates period.

Nonetheless, along with the strong outlook for economic growth, the prospects for solid employment growth and stronger wages over the forecast horizon, as well as revenue savings measures, mean that individual withholding taxes are expected to be above their earlier forecast levels from 2012-13. This is, however, somewhat offset by weaker capital gains.

A still cautious consumer

Despite the re-emergence of the mining boom and the associated rise in incomes, the cautious approach to consumption adopted by households in recent years (and reflected in forecasts of lower GST receipts in 2010-11 and 2011-12) translates to lower expected household consumption over the remainder of the forward estimates period. In total, GST receipts have been revised down by $5.7 billion over the budget and forward estimates since MYEFO.

Further exacerbating the weakness in GST are signs of a long term trend decline in the share on consumer spending on goods and services subject to GST (Box 4). That is, consumers appear to be directing relatively more of their total consumer spending on GST-free goods and services. This, in turn, appears to reflect relatively higher price increases in goods and services not subject to GST.

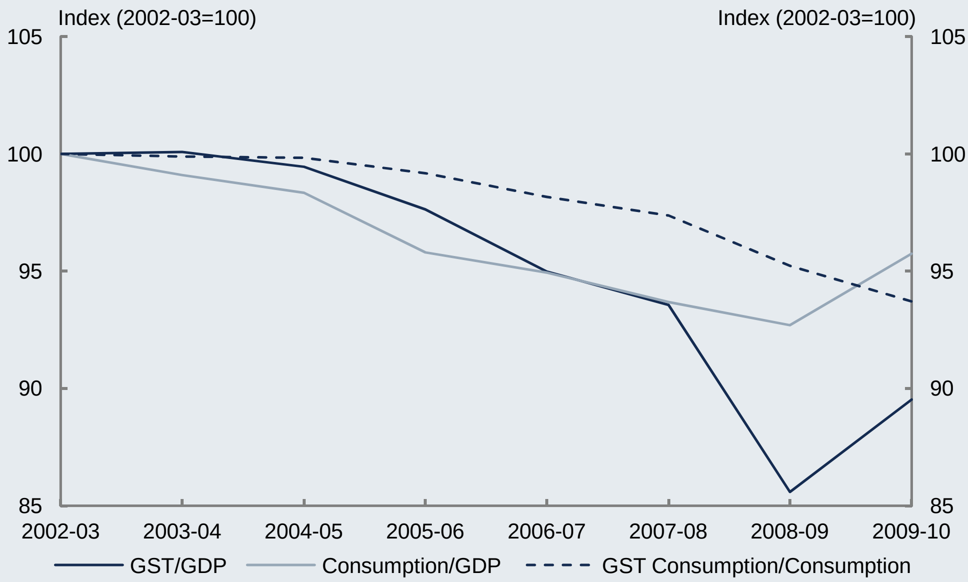
Box 4: GST

Over recent years, there has been a discernible decline in GST revenues as a share of nominal GDP. This reflects the confluence of a number of factors.

An important factor is the decline in consumption as a share of GDP. As Chart A indicates, consumption steadily declined as a share of GDP over most of the 2000s. This is heavily influenced by increased household savings associated with the 'cautious consumer' and the consolidation of household balance sheets.

There has also been a steady decline in the expenditure on items attracting GST as a share of total consumption (also in Chart A). This effect is partly cyclical — during downturns, households tend to allocate a greater proportion of their income towards GST-free goods and services, and spend less on goods and services that attract GST.

Chart A: Decline in GST as share of GDP

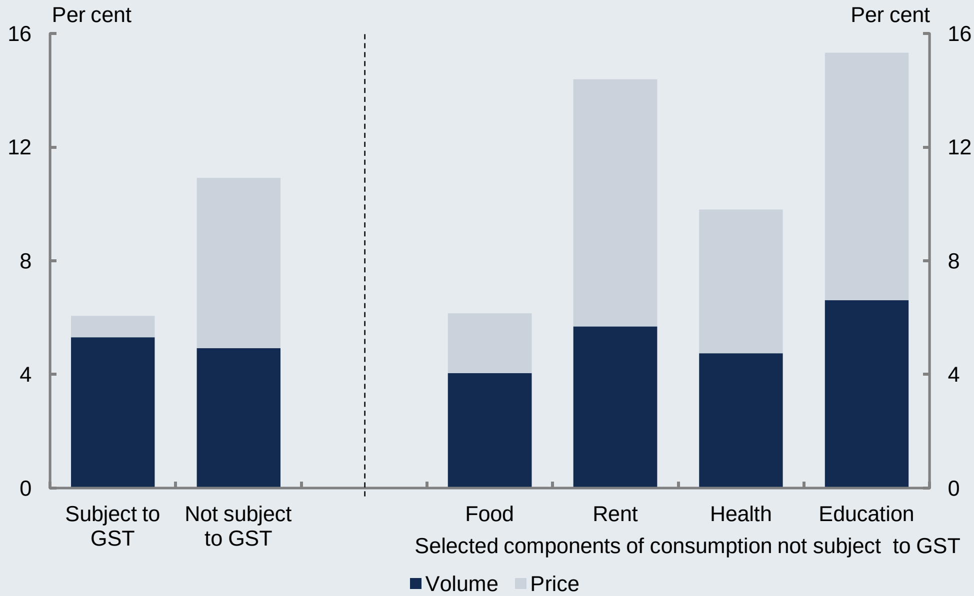


Source: ABS, Treasury estimates.

However, there are other factors at work. Chart B breaks down growth in consumption expenditure on goods and services that attract GST and those that do not, by volume and price components for the two years ending December 2010. While volumes of goods both subject and not subject to GST have grown at a similar pace, there are significant variations in prices. Prices of goods not subject to GST increased markedly over this period while prices of goods subject to GST rose only modestly. The price increases were most significant in areas such as rental services, health and education. As these areas are largely non-tradeable, they are unlikely to have benefitted from factors such as a stronger Australian dollar.

Box 4: GST (continued)

Chart B: Growth in expenditure on GST versus GST-free goods and services (Dec 2008 to Dec 2010)



Source: ABS, Treasury estimates.

VARIATIONS IN THE RECEIPTS ESTIMATES SINCE THE 2010-11 BUDGET

Total receipts have been revised down by $9.5 billion in 2010-11, almost entirely reflecting parameter and other variations. The $5.8 billion downward revision in 2011-12 reflects a contribution of $0.4 billion in policy decisions and $5.4 billion in parameter and other variations.

Table 4 reconciles this Budget's receipts estimates with those at the 2010-11 Budget and the 2010-11 MYEFO.

Table 4: Reconciliation of Australian Government general government receipts estimates from the 2010-11 Budget

	Estimates			Projection
	2010-11	2011-12	2012-13	2013-14
	$m	$m	$m	$m
Receipts at 2010-11 Budget	**314,417**	**348,834**	**378,014**	**398,983**
Changes from 2010-11 Budget to 2010-11 PEFO				
Effect of policy decisions	-3	-10	-901	-5,950
Effect of parameter and other variations	32	1,767	1,811	3,343
Total variations	**29**	**1,757**	**909**	**-2,607**
Receipts at 2010-11 PEFO	**314,446**	**350,590**	**378,923**	**396,376**
Changes from 2010 PEFO to 2010-11 MYEFO				
Effect of policy decisions	318	43	513	155
Effect of parameter and other variations	-1,559	-2,439	-2,744	-4,374
Total variations	**-1,242**	**-2,396**	**-2,231**	**-4,219**
Receipts at 2010-11 MYEFO	**313,205**	**348,194**	**376,693**	**392,157**
Changes from 2010-11 MYEFO to 2011-12 Budget				
Effect of policy decisions	82	-406	2,001	1,906
Effect of parameter and other variations	-9,596	-5,399	-174	1,872
Total variations	**-9,515**	**-5,804**	**1,827**	**3,778**
Receipts at 2011-12 Budget	**303,690**	**342,390**	**378,520**	**395,935**

Variations to total receipts in the estimates years since MYEFO

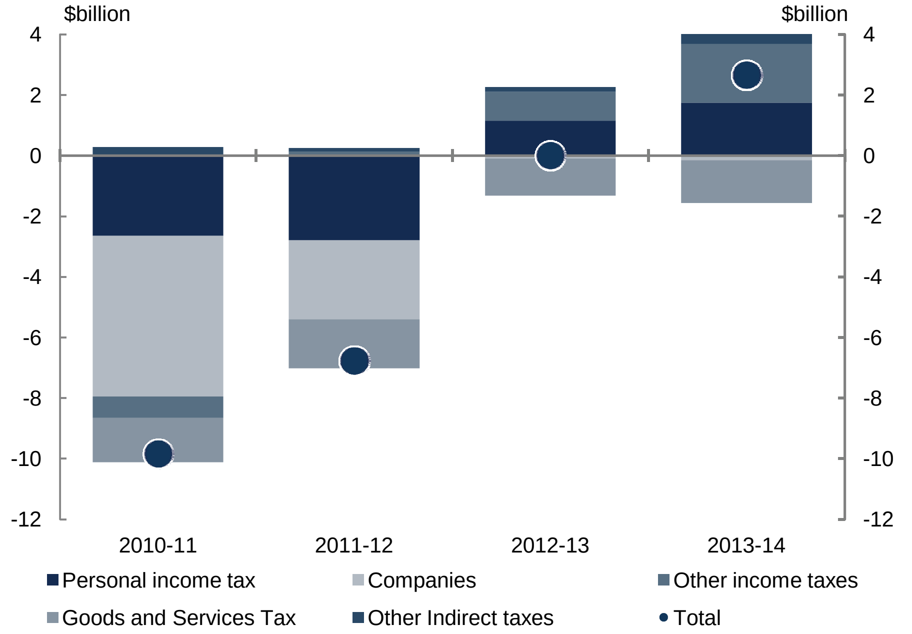
Total tax receipts for 2010-11 have been revised down by $9.8 billion since the 2010-11 MYEFO.

Income tax receipts account for most of this revision in 2010-11 with total downward revisions of $8.7 billion. Company tax receipts alone account for $5.3 billion of the revision to income tax receipts. This reflects more subdued economic conditions associated with natural disasters, a strong dollar and lower consumption. In addition, larger than anticipated losses incurred during the global financial crisis are weighing down on company tax receipts. Similar factors account for downward revisions of $2.7 billion in individuals' income tax receipts in 2010-11. Indirect taxes have been revised down by a total of $1.1 billion, largely reflecting a $1.5 billion decline to GST receipts associated with subdued household consumption.

Total tax receipts for 2011-12 have been revised down by $6.6 billion since the 2010-11 MYEFO. Once again, revisions to income taxes — particularly company tax and individuals' income taxes — account for the majority of these movements, though GST has also been revised down. Given timing lags, many of the factors contributing to receipts downgrades in 2010-11 also affect receipts in 2011-12, including the impacts of the natural disasters, weaker aggregate wages and ongoing utilisation of capital losses accrued during the global financial crisis.

Chart 2 shows the revisions to forecast tax receipts since MYEFO.

Chart 2: Revisions to tax receipts forecasts since the 2010-11 MYEFO



Source: Treasury estimates.

Non-tax receipts are expected to increase by $780 million in 2011-12, largely reflecting increases in offshore petroleum royalties resulting from higher prices and increased production. This receipt is partly offset by a corresponding payment to Western Australia and the Northern Territory through the General Revenue Assistance mechanism.

Effect of policy decisions

Policy decisions since the 2010-11 MYEFO are expected to decrease receipts by $406 million in 2011-12. Policy decisions increase receipts by $2.0 billion and $1.9 billion in 2012-13 and 2013-14 respectively, and an additional $2.6 billion in 2014-15. The revenue savings measures include decisions removing certain inefficient tax expenditures, as well as a package of compliance measures aimed at improving fairness in the tax system. The key revenue savings measures include the following:

- The introduction of a temporary flood and cyclone reconstruction levy from 1 July 2011, expected to raise $1.725 billion over the forward estimates.
- Reform of the current statutory formula for valuing car fringe benefits replacing progressive rates with a single 20 per cent statutory rate. This is expected to increase the underlying cash balance by $970 million over the forward estimates.
- Phasing out the dependent spouse tax offset (DSTO) for taxpayers with a dependent spouse born on or after 1 July 1971, estimated to save $755 million over the forward estimates period.

- Removing the ability of minors (children under 18 years of age) to access the low income tax offset (LITO) to reduce tax payable on their unearned income with effect from 1 July 2011, with an estimated gain to receipts of $740 million over the forward estimates period.

- The removal of the Entrepreneurs' Tax Offset (ETO), with effect from the 2012-13 income year, estimated to save $365 million over the forward estimates.

- A number of tax compliance measures aimed at improving fairness in the tax system increase the underlying cash balance by an estimated $1.1 billion over the forward estimates.

This Budget also includes a few revenue spending measures, including the following:

- Allowing low and middle income earners to receive 70 per cent of the LITO through a reduction in tax payable on their regular pay, rather than only half as provided under existing arrangements. This is estimated to reduce receipts by $1.25 billion over the forward estimates.

- A delay in the introduction, until 1 December 2011, and other arrangements for excise and excise-equivalent customs duty on alternative fuels. This is expected to reduce receipts over the forward estimates period by $641 million. The revenue impact of this is almost entirely offset by a reduction in related expenses.

- Allowing small businesses to claim up to $5,000 as an immediate deduction for motor vehicles, with effect for vehicles acquired from the 2012-13 income year. This measure is estimated to have a cost to receipts of $350 million over the forward estimates.

Table 5: Revenue policy decisions since the 2010-11 MYEFO (receipts basis)

	2010-11	2011-12	2012-13	2013-14	2014-15	Total
	$m	$m	$m	$m	$m	$m
Temporary flood and cyclone reconstruction levy	-	1,500.0	225.0	-	-	1,725.0
Low Income Tax Offset – bring forward	-	-1,370.0	65.0	25.0	30.0	-1,250.0
Fringe benefits tax - reform of the car fringe benefit rules	5.0	30.0	140.0	335.0	460.0	970.0
Building Australia's Future Workforce – Dependent Spouse Tax Offset – phase-out	-	60.0	220.0	230.0	245.0	755.0
Removing minors' eligibility for low income tax offset on unearned income	-	-	240.0	250.0	250.0	740.0
Alternative fuels – delayed introduction of taxation and other changes	-	-238.0	-199.0	-135.0	-69.0	-641.0
Tax Compliance						
reporting taxable payments	-	-	7.9	217.0	288.1	513.0
countering fraudulent phoenix activities by company directors	-	..	50.0	95.0	100.0	245.0
enhanced refund fraud detection and management	-	60.4	64.7	58.1	42.4	225.6
reporting Government grants and payments	-	15.0	35.6	42.0	45.2	137.8
Abolish the Entrepreneurs' Tax Offset	-	-	-	180.0	185.0	365.0
Small business depreciation – accelerated initial deduction for motor vehicles	-	-	-	-200.0	-150.0	-350.0
Deferral of Tax Breaks for Green Buildings	-	-	15.0	100.0	180.0	295.0
Amendments to the scrip for scrip roll-over and the small business concessions	-	5.0	50.0	50.0	55.0	160.0
Superannuation contribution caps – adjusting arrangements to indexation	-	-	-	65.0	90.0	155.0
Excise and excise-equivalent customs duty – refunds, remissions and drawbacks	24.7	28.1	31.4	33.1	35.1	152.4
Increasing the Medicare levy low-income thresholds	-	-50.0	-25.0	-25.0	-25.0	-125.0
Tax treatment of clean up and recovery business assistance grants	-	-55.0	-30.0	-10.0	-3.0	-98.0
New tax system for managed investment trusts – clarifying the 2010-11 Budget measure	-	-	50.0	20.0	5.0	75.0
Tax treatment of payments made under the Sustainable Rural Water Use and Infrastructure Program	-	-10.0	-45.0	-5.0	30.0	-30.0
Pay As You Go (PAYG) instalment taxpayers – reduction in the gross domestic product (GDP) adjustment factor	-	-700.0	700.0	-	-	-
Other measures	51.9	319.0	405.3	580.5	793.9	2,150.6
Total impact of revenue measures	**81.6**	**-405.5**	**2,000.9**	**1,905.7**	**2,587.7**	**6,170.4**

Effect of parameter and other variations

In addition to new policy decisions, revisions to expected receipts are driven by recent economic conditions and tax collections, and the updated economic outlook. The receipts variations discussed in this section stem from these parameter and other variations, explicitly excluding the impact of new policy decisions on receipts.

The revenue forecasts are based on the economic outlook presented in Statement 2, with changes in nominal incomes and spending, including changes in their composition, having consequent impacts on expected tax receipts. The key economic parameters that influence revenue are shown in Table 6. Analysis of the sensitivity of the taxation receipts estimates to changes in the economic outlook is provided in Statement 3.

Table 6: Key revenue parameters(a)

	Estimates			Projections	
	2010-11 %	2011-12 %	2012-13 %	2013-14 %	2014-15 %
Revenue parameters at 2011-12 Budget					
Nominal gross domestic product (non-farm)	8.1	6.3	5.8	5 1/4	5 1/4
Change since 2010-11 MYEFO	*-0.9*	*1.1*	*0.6*	*0*	*na*
Compensation of employees (non-farm)(b)	7.4	7.2	6.4	5 1/2	5 1/2
Change since 2010-11 MYEFO	*-0.6*	*0.1*	*0.9*	*0*	*na*
Corporate gross operating surplus(c)	11.8	4.8	4.5	5	5
Change since 2010-11 MYEFO	*-2.9*	*4.0*	*-0.8*	*- 1/4*	*na*
Unincorporated business income	4.5	3.3	4.8	5 1/4	5 1/4
Change since 2010-11 MYEFO	*-2.2*	*0.1*	*-0.7*	*- 1/4*	*na*
Property income(d)	16.7	8.6	5.3	5 1/4	5 1/4
Change since 2010-11 MYEFO	*7.0*	*0.1*	*-0.2*	*- 1/4*	*na*
Consumption subject to GST	4.4	5.4	5.5	5 1/2	5 1/2
Change since 2010-11 MYEFO	*-1.1*	*-0.1*	*0.0*	*0*	*na*

(a) Current prices, per cent change on previous years. Changes since MYEFO are percentage points.
(b) Compensation of employees measures total remuneration earned by employees.
(c) Corporate GOS is an Australian National Accounts measure of company profits.
(d) Property income measures income derived from rent, dividends and interest.
na not applicable.

Parameter and other variations have led to downward revisions to receipts of \$9.6 billion in 2010-11 and \$5.4 billion in 2011-12 since MYEFO. These revisions largely reflect more subdued economic conditions in 2010-11 than earlier anticipated — owing, at least in part, to the recent natural disasters. The revisions also reflect the influence of the global financial crisis, most notably through its impact on lower than anticipated capital gains. The latter is attributable to prior year losses and the slow recovery in wealth. Continued caution shown by households, another legacy of the global financial crisis, is also weighing down on consumption based tax receipts in these years.

Revisions relative to the 2010-11 MYEFO to each revenue head in 2010-11 and 2011-12 are described below.

Gross income tax withholding receipts are expected to be around $800 million lower in 2010-11 and $700 million lower in 2011-12. While employment has strengthened marginally in 2010-11 relative to MYEFO expectations, this is outweighed by softer than anticipated average wages.

Gross other individuals' receipts are expected to be $1.4 billion lower in 2010-11 and $1.5 billion lower in 2011-12. This has been driven by lower property income and unincorporated business income (two of the principal components of individuals' earnings outside of wages and salaries), and downward revisions to expected capital gains tax receipts.

Individuals' refunds are expected to be $500 million higher in 2010-11 and $300 million higher in 2011-12, in part reflecting more subdued capital gains.

Fringe benefits tax receipts are largely unchanged in both 2010-11 and 2011-12.

Superannuation funds' receipts are expected to be $200 million lower in 2010-11, owing to lower than expected taxable contributions. Superannuation funds' receipts are expected to be $200 million higher in 2011-12.

Company tax receipts are expected to be $5.3 billion lower in 2010-11. This reflects the subdued economic conditions that have seen a downward revision to corporate gross operating surplus (GOS), owing in part to the recent natural disasters but also due to the strong dollar and more subdued consumption. The larger than anticipated losses accumulated during the global financial crisis are also affecting company taxes, as are softness in capital gains. These losses are a key factor in the observed weakness in company tax payments in respect of the 2009-10 year. Given the lags in the tax system, these factors continue to hamper company taxes in 2011-12, notwithstanding a stronger outlook for GOS in that year. As a result, company taxes are expected to be $2.4 billion lower in 2011-12.

Capital gains tax, which is a component of individuals, companies and superannuation funds income taxes, is expected to be lower by $3.2 billion and $3.0 billion in 2010-11 and 2011-12 respectively. This reflects the larger than anticipated losses suffered during the global financial crisis and the sluggishness in asset prices.

Petroleum resource rent tax receipts are estimated to be lower by $510 million in 2010-11 and $20 million in 2011-12, reflecting substantially greater investment costs (which lower tax payable) associated with some fields and the high exchange rate, offset in part by higher oil prices.

GST receipts have been revised down by $1.5 billion in 2010-11 and $1.6 billion in 2011-12, reflecting a weaker outlook for consumption, dwelling investment and ownership transfer costs.

Luxury car tax receipts have been revised down by $40 million in 2010-11 and $70 million in 2011-12, reflecting the impact of slower demand for new motor vehicles.

Wine equalisation tax receipts are expected to be $60 million lower in 2010-11 and $70 million lower in 2011-12, reflecting weaker than expected growth in both prices and consumption volumes.

Excise duties have been revised up in 2010-11 by $820 million and by $800 million in 2011-12, following stronger than expected growth in the production of diesel and tobacco. These increases are partly offset by lower demand for petrol, other fuel products, beer and ready to drink alcoholic beverages.

Customs duty estimates have been revised down by $470 million in 2010-11 and by $330 million in 2011-12, primarily reflecting lower than expected household demand, which in turn reduces imports of goods that attract customs duties.

REVENUE VARIATIONS SINCE MYEFO

While changes in revenue are generally driven by the same factors as receipts, there are differences, as not all revenue raised in a given year is actually paid in that year. For example, past tax assessments may be amended as a result of compliance activity or the settlement of legal disputes and taxpayers may accrue new tax debts. These differences exist for most revenue heads, and vary across years. Further information on the difference between the accrual and cash taxation estimates is provided in *Appendix E: Taxation Revenue Recognition*.

Table 7 provides a reconciliation of the Budget's revenue estimates with those at MYEFO.

Since the 2010-11 MYEFO, total revenue has been revised down by $8.9 billion in 2010-11.

The same factors affecting tax receipts in 2010-11 are driving similar downward revisions to total revenue. Total revenue has been revised down by $9.0 billion from parameter and other variations, largely reflecting downward revisions to company taxes, individuals income taxes and GST. Weaker company tax revenue reflects the more subdued economic conditions, owing in part to the recent natural disasters and lower than expected consumption expenditure. Lower capital gains and higher than anticipated accumulated losses accrued during the global financial crisis also play a role. Individuals' income tax revenue is lower due to weaker capital gains and slower aggregate wage growth. Downward revisions in GST receipts reflect weaker than anticipated consumption expenditure.

Since MYEFO, total revenue has been revised down by $5.4 billion in 2011-12.

Total revenue has been revised down by $5.0 billion from parameter and other variations. The weakness reflects both subdued capital gains and company profitability owing to ongoing legacy effects of the global financial crisis, but also due to the impacts of the natural disasters. The legacy effects of the global financial crisis are expected to have ongoing impacts on individuals', companies and capital gains taxes across the forecast horizon.

Table 7: Reconciliation of total Australian Government general government revenue estimates from the 2010-11 MYEFO

	Estimates			Projections
	2010-11	2011-12	2012-13	2013-14
	$m	$m	$m	$m
Revenue at 2010-11 MYEFO	**319,682**	**355,376**	**380,320**	**400,485**
Per cent of GDP	22.8	24.2	24.5	24.5
Changes from 2010-11 MYEFO to 2011-12 Budget				
Effect of policy decisions(a)	102	-367	2,043	1,943
Effect of parameter and other variations	-9,006	-5,049	758	2,746
Total variations	**-8,904**	**-5,416**	**2,801**	**4,689**
Revenue at 2011-12 Budget	**310,779**	**349,961**	**383,121**	**405,174**
Per cent of GDP	22.4	23.7	24.6	24.7

(a) Excludes secondary impacts on public debt interest of policy decisions and offsets from the contingency reserve for decisions taken.

Revenue estimates by revenue head

The revenue estimates are constructed using the outcomes for 2009-10, information on the 2010-11 year-to-date revenue collections, and the latest economic forecasts for 2010-11 to 2012-13. Revenue estimates for the projection years (2013-14 and 2014-15) are based mainly on underlying trends in economic parameters.

In 2010-11, total revenue is forecast to grow by 6.2 per cent ($18.0 billion) on the back of growth in personal income and company taxes.

In 2011-12, further growth of 12.6 per cent ($39.2 billion) in total revenue is expected. This is driven by 10.4 per cent ($13.6 billion) growth in income withholding tax revenue and a 28.9 per cent ($16.7 billion) growth in company tax revenue. Indirect taxation revenue is expected to grow by 5.2 per cent ($4.4 billion).

Individuals' income and other withholding taxation revenue

Table 8: Individuals' income and other withholding taxation revenue

	Actual	Estimates			Projections	
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m	$m
Individuals and other withholding taxes						
Gross income tax withholding	119,922	131,320	144,930	156,920	168,960	181,150
Gross other individuals	27,287	29,860	33,360	38,680	41,890	45,710
less: Refunds	24,390	24,850	27,400	28,000	30,900	33,750
Total individuals and withholding taxation	122,820	136,330	150,890	167,600	179,950	193,110
Fringe benefits tax	3,523	3,670	3,760	4,220	4,770	5,230
Total individuals taxation revenue	**126,343**	**140,000**	**154,650**	**171,820**	**184,720**	**198,340**

Gross income tax withholding

Revenue from gross income tax withholding is expected to grow by 9.5 per cent ($11.4 billion) in 2010-11, reflecting solid growth in employment and wages in the aftermath of the global financial crisis.

In 2011-12 and 2012-13, income tax withholding is expected to increase by 10.4 per cent ($13.6 billion) and 8.3 per cent ($12.0 billion) respectively. This reflects anticipated growth in employment and wages as the labour market moves towards full capacity.

In the projection years, revenue from income tax withholding is expected to grow by 7.7 per cent in 2013-14 and 7.2 per cent in 2014-15, as employment and wage growth return to their long-term trends.

See Table 9 for personal income tax rates.

Gross other individuals

Gross revenue from other individuals is expected to grow by 9.4 per cent ($2.6 billion) in 2010-11, reflecting growth in unincorporated business income, and interest and dividend income.

In 2011-12, revenue from other individuals is expected to grow 11.7 per cent ($3.5 billion), followed by growth of 15.9 per cent ($5.3 billion) in 2012-13. This reflects accelerated growth in tax instalments from unincorporated business income and growth in net capital gains and interest income.

In the projection years, revenue from other individuals is expected to grow by 8.3 per cent and 9.1 per cent in 2013-14 and 2014-15 respectively, reflecting a return to longer term trend growth rates.

Income tax refunds for individuals

Refunds for individuals, which have a negative impact on revenue, are expected to grow by 1.9 per cent ($460 million) in 2010-11, reflecting a modest strengthening in the labour market and personal income tax cuts delivered in 2009-10.

Refunds for individuals are expected to grow by 10.3 per cent ($2.6 billion) in 2011-12, reflecting growth in salary and wages and continued use of capital losses sustained during the global financial crisis. The lower growth of 2.2 per cent ($600 million) in 2012-13 is primarily due to the bring-forward of the low-income tax offset.

In the projection years, refunds for individuals are expected to grow by 10.4 per cent and 9.2 per cent in 2013-14 and 2014-15 respectively, largely reflecting the growth in individuals' income tax payments over the same period.

Fringe benefits tax

Revenue from fringe benefits tax (FBT) is expected to grow by 4.2 per cent ($150 million) in 2010-11 relative to the 2009-10 outcome, reflecting wages and employment growth.

In 2011-12 FBT is expected to grow by 2.5 per cent ($90 million), reflecting moderate growth in non-cash wages. From 2012-13, growth in FBT is affected by the impact of new policy related to the treatment of FBT on cars.

Table 9: Personal income tax rates[(a)]

	From 1 July 2009		From 1 July 2010		From 1 July 2011		From 1 July 2012	
	Taxable income	Per cent	Taxable income	Per cent	Taxable income	Per cent	Taxable income	Per cent
Residents	$0–$6,000	Nil	$0–$6,000	Nil	$0–$6,000	Nil	$0–$6,000	Nil
	$6,001–$35,000	15	$6,001–$37,000	15	$6,001–$37,000	15	$6,001–$37,000	15
	$35,001–$80,000	30	$37,001–$80,000	30	$37,001–$80,000	30	$37,001–$80,000	30
	$80,001–$180,000	38	$80,001–$180,000	37	$80,001–$180,000	37	$80,001–$180,000	37
	> $180,000	45	> $180,000	45	> $180,000	45	> $180,000	45
Non-residents	$0–$35,000	29	$0–$37,000	29	$0–$37,000	29	$0–$37,000	29
	$35,001–$80,000	30	$37,001–$80,000	30	$37,001–$80,000	30	$37,001–$80,000	30
	$80,001–$180,000	38	$80,001–$180,000	37	$80,001–$180,000	37	$80,001–$180,000	37
	> $180,000	45	> $180,000	45	> $180,000	45	> $180,000	45
Medicare levy	$0–$18,488	Nil	$0–$18,839	Nil	$0–$18,839	Nil	$0–$18,839	Nil
for singles	$18,489-$21,750	10% of > $18,488	$18,839-$22,163	10% of > $18,839	$18,839-$22,163	10% of > $18,839	$18,839-$22,163	10% of > $18,839
	> $21,750	1.5	> $22,163	1.5	> $22,163	1.5	> $22,163	1.5
		Amount		**Amount**		**Amount**		**Amount**
Low Income	$0-$30,000	$1,350	$0-$30,000	$1,500	$0-$30,000	$1,500	$0-$30,000	$1,500
Tax Offset	$30,001-$63,750	less 4% of > $30,000	$30,001-$67,500	less 4% of > $30,000	$30,001-$67,500	less 4% of > $30,000	$30,001-$67,500	less 4% of > $30,000
	> $63,750	Nil	> $67,500	Nil	> $67,500	Nil	> $67,500	Nil

(a) This table includes legislated changes to tax rates and thresholds, excluding temporary changes including the Temporary Flood and Cyclone Reconstruction Levy in 2011-12.

Company and other related income taxation revenue

Table 10: Company and other related income taxation revenue

	Actual	Estimates			Projections	
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m	$m
Company tax	53,193	57,880	74,600	78,140	80,300	83,470
Superannuation funds	6,182	7,220	9,330	10,490	11,800	12,810
Resource rent taxes(a)	1,297	940	2,050	8,090	8,870	7,310
Total company and related income taxation revenue	**60,672**	**66,040**	**85,980**	**96,720**	**100,970**	**103,590**

(a) Resource rent taxes include Petroleum Resource Rent Tax (PRRT) and gross receipts from the Minerals Resource Rent Tax (MRRT) from 2012-13.

Company tax

Losses associated with the global financial crisis, the impact of the natural disasters, and the stronger dollar all worked against a strong recovery in company tax revenue from its low point in 2009-10. Company tax revenue is now expected to grow by 8.8 per cent ($4.7 billion) in 2010-11.

In 2011-12, company tax revenue is projected to grow by 28.9 per cent ($16.7 billion). Not only are the factors that influenced growth in 2010-11, while still prevalent, anticipated to unwind gradually, but timing effects within the tax system are also expected to contribute to the high growth rate in 2011-12. Firstly, the strongest sector of the economy — mining — largely operates on a calendar year basis, resulting in tax payments appearing earlier than for companies which operate on a financial year ending in June. Secondly, low instalment rates through the 2010-11 income year mean that tax from increased growth in corporate profits will generate higher payments on assessment in 2011-12. These effects were discussed in more detail in Box 1, Part 3, 2009-10 MYEFO.

In addition, several measures from previous budgets increase revenue in 2011-12. These include the unwinding of the small and general business tax break, the research and development tax credit and gains associated with increased Australian Taxation Office compliance activities.

In 2012-13, company tax revenues are expected to grow by around 4.7 per cent ($3.5 billion), reflecting the unwinding of instalment rate effects.

Over the projection years, revenue from company tax is expected to grow by 2.8 per cent in 2013-14 and 3.9 per cent in 2014-15. Growth in company tax revenue over these years is moderated to some degree by the continued utilisation of prior year losses but also deductions related to capital investment expenditures in the mining sector.

Superannuation Funds

Following falls of 23 per cent in 2008-09 and 33 per cent in 2009-10, revenue from superannuation funds is expected to increase by around 16.8 per cent in 2010-11, 29.3 per cent in 2011-12 and 12.4 per cent in 2012-13. The ongoing recovery from the global financial crisis is tempered by the utilisation of capital losses.

In the projection years, revenue from superannuation funds is affected by the utilisation of capital losses as well as the reclassification of the Low Income Earner's Superannuation Co-Contribution program from revenues to expenses (see Table 9.2 in Budget Statement 6).

Resource rent taxes

Resource rent taxes include Petroleum Resource Rent Tax (PRRT) and the Minerals Resource Rent Tax (MRRT — to be introduced in 2012-13). They are a highly variable source of revenue as they are heavily influenced by commodity prices and exchange rate levels.

Revenue from PRRT is expected to decline by 27.5 per cent ($360 million) in 2010-11. The fall reflects higher investment costs (which increase tax deductions) associated with some fields.

In 2011-12 revenue from resource rent taxes is expected to grow by 118 per cent ($1.1 billion), reflecting strength in oil prices.

In 2012-13, revenue from resource rent taxes is expected to grow by 295 per cent ($6.0 billion) largely reflecting the MRRT commencing in 2012-13.

In the projection years, revenue from resource rent taxes is expected to grow by 9.6 per cent in 2013-14, but decline by 17.6 per cent in 2014-15. These changes largely reflect changes in forecast commodity prices and anticipated production trends.

Sales taxation revenue

Table 11: Sales taxation revenue

	Actual	Estimates			Projections	
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m	$m
Goods and services tax	46,553	48,180	50,630	54,230	57,320	60,150
Wine equalisation tax	748	720	760	810	840	890
Luxury car tax	499	500	510	530	560	590
Total sales taxation revenue	**47,800**	**49,400**	**51,900**	**55,570**	**58,720**	**61,630**

Goods and services tax

Goods and services tax (GST) revenue is expected to grow by 3.5 per cent ($1.6 billion) in 2010-11 reflecting a softer outlook for consumption, dwelling investment and ownership transfer costs.

In 2011-12 and 2012-13, revenue from GST is expected to grow by 5.1 per cent ($2.5 billion) and by 7.1 per cent ($3.6 billion), in line with the growth in consumption.

In the projection years, GST revenue is expected to grow by around 5.7 per cent in 2013-14 and 4.9 per cent in 2014-15, in line with growth in consumption.

Other sales taxes

Other sales taxes include the wine equalisation tax and the luxury car tax.

Wine equalisation tax (WET) revenue is expected to decline by 3.7 per cent ($30 million) in 2010-11, reflecting subdued alcohol consumption. In 2011-12 and 2012-13, WET revenue grows from this lower base by 5.6 per cent ($40 million) and 6.6 per cent ($50 million) respectively in line with general consumption growth. That said, expected growth in 2011-12 and 2012-13 is still moderate compared with previous expectations. In the projection years, WET revenue is expected to grow by 3.7 per cent in 2013-14 and 6.0 per cent in 2014-15.

Luxury car tax (LCT) revenue is expected to remain flat in 2010-11 consistent with recent consumption patterns. In 2011-12 and 2012-13, LCT revenue is expected to grow by 2.0 per cent ($10 million) and 3.9 per cent ($20 million) respectively. In the projection years, LCT revenue is expected to grow by 5.7 per cent in 2013-14 and 5.4 per cent in 2014-15.

Excise and customs duty

Table 12: Excise and customs duty revenue

	Actual	Estimates			Projections	
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m	$m
Excise duty						
Petrol	6,339	5,910	5,870	5,680	5,230	5,380
Diesel	6,886	7,300	7,610	7,850	8,290	8,530
Beer	2,006	1,950	2,070	2,210	2,350	2,450
Tobacco(a)	5,652	6,720	5,830	5,780	6,120	6,490
Other excisable products	3,665	4,180	4,950	5,390	5,870	6,330
Of which: Other excisable beverages(b)	880	900	960	1,030	1,090	1,140
Total excise duty revenue	24,547	26,060	26,330	26,910	27,860	29,180
Customs duty						
Textiles, clothing and footwear	767	610	620	670	710	600
Passenger motor vehicles	1,226	780	780	790	830	880
Excise-like goods	2,826	3,530	4,830	5,160	5,400	5,630
Other imports	1,248	1,240	1,410	1,610	1,720	1,920
less: Refunds and drawbacks	319	120	120	120	120	120
Total customs duty revenue	5,748	6,040	7,520	8,110	8,540	8,910
Total excise and customs duty revenue	**30,295**	**32,100**	**33,850**	**35,020**	**36,400**	**38,090**

(a) The impact of the increase in the tax rate on tobacco products affects both excise and customs duty (reported within the 'excise-like goods category). The resulting increase in excise duty is largely offset over the forward estimates by the expected offshore relocation of a large tobacco manufacturer, which will then fulfil its tax obligations via customs duty.

(b) Other excisable beverages are those not exceeding 10 per cent by volume of alcohol.

Excise duty

The Government receives excise duties from a range of sources including alcohol (including beer, spirits and RTDs), petroleum (including diesel, petrol and other fuel products) and tobacco. See Table 13 for excise rates.

Revenue from excise is expected to increase by 6.2 per cent ($1.5 billion) in 2010-11. This largely reflects the impact of the 25 per cent increase in the tobacco excise rate from 30 April 2010. In 2011-12 and 2012-13, excise is expected to increase by 1.0 per cent ($270 million) and 2.2 per cent ($580 million) respectively.

The scheduled relocation overseas of a large tobacco producer is expected to moderate growth in overall excise in the affected years (the relocation is expected to be revenue neutral as it results in a transfer from excise to customs duty — see Customs variation).

In the projection years, excise revenue is expected to rise by 3.5 per cent in 2013-14 and 4.7 per cent in 2014-15, broadly reflecting long-term trend growth rates.

Table 13: Excise rates[(a)]

Commodity	Rates applying from 1 Feb 2010 $	Rates applying from 30 Apr 2010 $	Rates applying from 2 Aug 2010 $	Rates applying from 1 Feb 2011 $
Petroleum and other fuel products (per litre)				
Gasoline	0.38143	0.38143	0.38143	0.38143
Diesel	0.38143	0.38143	0.38143	0.38143
Ethanol and biodiesel	0.38143	0.38143	0.38143	0.38143
Blends of the above	0.38143	0.38143	0.38143	0.38143
Aviation gasoline	0.02854	0.02854	0.03556	0.03556
Aviation kerosene	0.02854	0.02854	0.03556	0.03556
Other petroleum products	0.38143	0.38143	0.38143	0.38143
Greases (per kilogram)	0.05449	0.05449	0.05449	0.05449
Oils and lubricants, excluding greases (per litre)	0.05449	0.05449	0.05449	0.05449
Beer (per litre of alcohol over 1.15 per cent)				
Draught beer, low strength	7.14	7.14	7.25	7.33
Draught beer, mid strength	22.42	22.42	22.76	23.01
Draught beer, high strength	29.34	29.34	29.78	30.11
Other beer, low strength	35.77	35.77	36.31	36.71
Other beer, mid strength	41.68	41.68	42.31	42.78
Other beer, high strength	41.68	41.68	42.31	42.78
Non-commercial, low strength	2.51	2.51	2.55	2.58
Non-commercial, mid and high strength	2.91	2.91	2.95	2.98
Other beverages, not exceeding 10 per cent alcohol content (per litre of alcohol)	70.61	70.61	71.67	72.46
Potable spirits (per litre of alcohol)				
Brandy	65.93	65.93	66.92	67.66
Other spirits, exceeding 10 per cent alcohol content	70.61	70.61	71.67	72.46
Cigarettes, cigars and tobacco (tobacco content of 0.8 grams or less per stick)	0.26220	0.32775	0.33267	0.33633
Tobacco products (per kilogram)	327.77	409.71	415.86	420.43

(a) The rate of excise on crude oil and condensate is not provided in this table as it varies according to the quantity sold, the sale price, and the dates of discovery and development of the oil field.

Customs

Customs duties are expected to grow by 5.1 per cent ($290 million) in 2010-11 largely affected by the 25 per cent increase in the tobacco excise rate from 30 April 2010. This is offset in part by a tariff rate reduction for passenger motor vehicles and textiles, clothing and footwear which came into effect on 1 January 2010.

In 2011-12 and 2012-13, customs duty revenue is expected to grow by 24.5 per cent ($1.5 billion) and 7.8 per cent ($600 million) respectively. The scheduled relocation of a large tobacco producer is expected to increase growth in overall customs duty.

In the projection years, customs duty revenue is expected to grow by 5.3 per cent in 2013-14 and 4.3 per cent in 2014-15.

Table 14: Customs duty tariff rates

	Applying from 11 May 2005 Per cent	Applying from 1 January 2010 Per cent	Applying from 1 January 2015 Per cent
General tariff(a)	5	5	5
Passenger motor vehicles(b)	10	5	5
Textiles, clothing and footwear			
Clothing and finished textiles	17.5	10	5
Cotton sheeting, fabric, carpet and footwear	10	5	5
Sleeping bags, table linen and footwear parts	7.5	5	5
Tariff concession order	0	0	0

(a) The general tariff of 5 per cent applies to most manufactured goods. Many goods, including primary products, textiles, clothing and footwear and other manufactured goods have free rate of duty.
(b) This category includes new passenger vehicles and off-road vehicles and parts. Used or second-hand vehicles are subject to an additional impost of $12,000.

Other taxation revenue

Table 15: Other taxation revenue

	Actual	Estimates			Projections	
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m	$m
Agricultural levies	395	404	414	413	414	415
Levies other than agriculture	447	474	538	488	493	498
Super guarantee charges	507	473	497	517	538	559
Penalties	1	2	0	0	1	0
Broadcasting license fees	241	265	198	254	329	338
Other taxes	1,298	1,141	1,220	1,293	1,353	1,409
Total other taxation revenue	**2,889**	**2,758**	**2,867**	**2,965**	**3,127**	**3,219**

Other taxation revenue is expected to increase by around 4 per cent ($109 million) in 2011-12.

Non-taxation revenue

Table 16: Non-taxation revenue

	Actual	Estimates			Projections	
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m	$m
Sales of goods and services						
Fees from regulatory services	2,091	2,223	2,487	2,642	2,754	2,831
Other sales of goods and services	5,508	5,835	5,563	5,583	5,493	5,099
Total sales of goods and services	7,599	8,058	8,050	8,225	8,247	7,930
Interest						
From other governments	168	185	183	182	179	173
From other sources	4,262	5,092	5,552	5,581	5,613	5,304
Total interest	4,430	5,277	5,735	5,763	5,792	5,477
Dividends						
From public sector entities	6,262	627	380	457	492	544
Other dividends	1,396	1,212	949	945	937	987
Total dividends	7,658	1,839	1,328	1,402	1,429	1,531
Other non-taxation revenue						
Royalties	1,503	1,694	1,779	1,741	1,728	1,674
Other	3,577	3,613	3,822	3,895	4,041	4,355
Total other non-taxation revenue	5,081	5,307	5,601	5,636	5,769	6,029
Total non-taxation revenue	**24,767**	**20,480**	**20,714**	**21,026**	**21,238**	**20,967**

Non-tax revenue is expected to grow by 1.1 per cent ($234 million) in 2011-12, partly reflecting increases in offshore petroleum royalties resulting from higher prices and increased production.

APPENDIX A: REVENUE AND RECEIPTS FORWARD ESTIMATES

Table A1: Australian Government general government (accrual) revenue

	Actual	Estimates			Projections	
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m	$m
Individuals and other withholding taxes						
Gross income tax withholding	119,922	131,320	144,930	156,920	168,960	181,150
Gross other individuals	27,287	29,860	33,360	38,680	41,890	45,710
less: Refunds	24,390	24,850	27,400	28,000	30,900	33,750
Total individuals and other withholding taxation	122,820	136,330	150,890	167,600	179,950	193,110
Fringe benefits tax	3,523	3,670	3,760	4,220	4,770	5,230
Company tax	53,193	57,880	74,600	78,140	80,300	83,470
Superannuation funds	6,182	7,220	9,330	10,490	11,800	12,810
Resource rent taxes(a)	1,297	940	2,050	8,090	8,870	7,310
Income taxation revenue	**187,016**	**206,040**	**240,630**	**268,540**	**285,690**	**301,930**
Sales taxes						
Goods and services tax	46,553	48,180	50,630	54,230	57,320	60,150
Wine equalisation tax	748	720	760	810	840	890
Luxury car tax	499	500	510	530	560	590
Total sales taxes	47,800	49,400	51,900	55,570	58,720	61,630
Excise duty						
Petrol	6,339	5,910	5,870	5,680	5,230	5,380
Diesel	6,886	7,300	7,610	7,850	8,290	8,530
Beer	2,006	1,950	2,070	2,210	2,350	2,450
Tobacco	5,652	6,720	5,830	5,780	6,120	6,490
Other excisable products	3,665	4,180	4,950	5,390	5,870	6,330
Of which: Other excisable beverages	880	900	960	1,030	1,090	1,140
Total excise duty revenue	24,547	26,060	26,330	26,910	27,860	29,180
Customs duty						
Textiles, clothing and footwear	767	610	620	670	710	600
Passenger motor vehicles	1,226	780	780	790	830	880
Excise-like goods	2,826	3,530	4,830	5,160	5,400	5,630
Other imports	1,248	1,240	1,410	1,610	1,720	1,920
less: Refunds and drawbacks	319	120	120	120	120	120
Total customs duty revenue	5,748	6,040	7,520	8,110	8,540	8,910
Other indirect taxation						
Agricultural levies	395	404	414	413	414	415
Other taxes	2,494	2,355	2,453	2,552	2,713	2,804
Total other indirect taxation revenue	2,889	2,758	2,867	2,965	3,127	3,219
Indirect taxation revenue	**80,984**	**84,258**	**88,617**	**93,555**	**98,247**	**102,939**
Taxation revenue	**268,000**	**290,298**	**329,247**	**362,095**	**383,937**	**404,869**
Sales of goods and services	7,599	8,058	8,050	8,225	8,247	7,930
Interest	4,430	5,277	5,735	5,763	5,792	5,477
Dividends	7,658	1,839	1,328	1,402	1,429	1,531
Other non-taxation revenue	5,081	5,307	5,601	5,636	5,769	6,029
Non-taxation revenue	**24,767**	**20,480**	**20,714**	**21,026**	**21,238**	**20,967**
Total revenue	**292,767**	**310,779**	**349,961**	**383,121**	**405,174**	**425,836**
Memorandum:						
Capital gains tax(b)	*6,400*	*5,500*	*8,300*	*12,600*	*16,300*	*18,800*
Medicare levy revenue	*8,013*	*8,330*	*8,940*	*9,670*	*10,370*	*11,080*

(a) Resource rent taxes include PRRT and gross revenue from the MRRT. The net revenue from the MRRT is $3.7 billion in 2012-13, $4.0 billion in 2013-14 and $3.4 billion in 2014-15, which represents the net impact on revenue across several different revenue heads. This includes the offsetting reductions in company tax (through deductibility) and interactions with other taxes.

(b) Capital gains tax is part of other individuals, companies and superannuation funds tax. The 2009-10 reported figure is an estimate.

Table A2: Australian Government general government (cash) receipts

	Actual	Estimates			Projections	
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	$m	$m	$m	$m	$m	$m
Individuals and other withholding taxes						
Gross income tax withholding	118,532	130,100	143,850	155,750	167,700	179,800
Gross other individuals	25,928	27,400	31,050	36,100	39,100	42,600
less: Refunds	24,390	24,850	27,400	28,000	30,900	33,750
Total individuals and other withholding taxation	120,070	132,650	147,500	163,850	175,900	188,650
Fringe benefits tax	3,504	3,600	3,700	4,150	4,700	5,150
Company tax	52,209	57,100	72,800	76,300	78,400	81,500
Superannuation funds	6,099	7,090	9,230	10,380	11,680	12,680
Resource rent taxes(a)	1,251	840	2,080	8,100	8,880	7,320
Income taxation receipts	**183,132**	**201,280**	**235,310**	**262,780**	**279,560**	**295,300**
Sales taxes						
Goods and services tax	43,967	45,779	48,482	51,890	54,850	57,560
Wine equalisation tax	733	700	750	800	830	880
Luxury car tax	472	500	510	530	560	590
Total sales taxes	45,173	46,979	49,742	53,220	56,240	59,030
Excise duty						
Petrol	6,301	5,900	5,790	5,680	5,520	5,320
Diesel	6,844	7,320	7,630	7,870	8,290	8,530
Beer	1,994	1,950	2,070	2,210	2,350	2,450
Tobacco	5,653	6,720	5,830	5,780	6,120	6,490
Other excisable products	3,647	4,180	4,950	5,390	5,870	6,330
of which: Other excisablebeverages	875	900	960	1,030	1,090	1,140
Total excise duty receipts	24,439	26,070	26,270	26,930	28,150	29,120
Customs duty						
Textiles, clothing and footwear	763	610	620	670	710	600
Passenger motor vehicles	917	480	630	790	830	880
Excise-like goods	2,826	3,530	4,830	5,160	5,400	5,630
Other imports	1,246	1,230	1,400	1,600	1,710	1,910
less: Refunds and drawbacks	411	260	260	260	260	260
Total customs duty receipts	5,341	5,590	7,220	7,960	8,390	8,760
Other indirect taxation						
Agricultural levies	395	404	414	413	414	415
Other taxes	2,494	2,193	2,147	2,124	2,545	2,740
Total other indirect taxation receipts	2,888	2,596	2,561	2,536	2,959	3,155
Indirect taxation receipts	**77,841**	**81,235**	**85,793**	**90,646**	**95,738**	**100,066**
Taxation receipts	**260,973**	**282,515**	**321,103**	**353,426**	**375,298**	**395,366**
Sales of goods and services	7,706	7,901	7,996	8,157	8,211	7,866
Interest received	4,025	4,954	5,297	5,272	5,255	4,882
Dividends	6,999	2,984	1,422	1,428	1,453	1,536
Other non-taxation receipts	4,960	5,335	6,573	10,237	5,718	5,804
Non-taxation receipts	**23,689**	**21,175**	**21,288**	**25,094**	**20,637**	**20,087**
Total receipts	**284,662**	**303,690**	**342,390**	**378,520**	**395,935**	**415,453**
Memorandum:						
Capital gains tax(b)	*6,400*	*5,500*	*8,300*	*12,600*	*16,300*	*18,800*
Medicare levy receipts	*8,013*	*8,330*	*8,940*	*9,670*	*10,370*	*11,080*

(a) Resource rent taxes include PRRT and gross receipts from the MRRT. The net receipts from the MRRT are $3.7 billion in 2012-13, $4.0 billion in 2013-14 and $3.4 billion in 2014-15, which represents the net impact on receipts across several different revenue heads. This includes the offsetting reductions in company tax (through deductibility) and interactions with other taxes.

(b) Capital gains tax is part of other individuals, companies and superannuation funds tax. The 2009-10 reported figure is an estimate.

APPENDIX B: CHANGES SINCE 2010-11 MYEFO

Table B1: Reconciliation of 2010-11 general government (accrual) revenue

	Estimates		Change on MYEFO	
	MYEFO	Budget		
	$m	$m	$m	%
Individuals and other withholding taxes				
Gross income tax withholding	132,270	131,320	-950	-0.7
Gross other individuals	30,440	29,860	-580	-1.9
less: Refunds	24,350	24,850	500	2.1
Total individuals and other withholding taxation	138,360	136,330	-2,030	-1.5
Fringe benefits tax	3,660	3,670	10	0.3
Company tax	63,680	57,880	-5,800	-9.1
Superannuation funds	7,330	7,220	-110	-1.5
Resource rent taxes(a)	1,470	940	-530	-36.1
Income taxation revenue	**214,500**	**206,040**	**-8,460**	**-3.9**
Sales taxes				
Goods and services tax	49,130	48,180	-950	-1.9
Wine equalisation tax	770	720	-50	-6.5
Luxury car tax	540	500	-40	-7.4
Total sales taxes	50,440	49,400	-1,040	-2.1
Excise duty				
Petrol	6,000	5,910	-90	-1.5
Diesel	7,060	7,300	240	3.4
Beer	2,000	1,950	-50	-2.5
Tobacco	6,070	6,720	650	10.7
Other excisable products	4,170	4,180	10	0.2
Of which: Other excisable beverages	940	900	-40	-4.3
Total excise duty revenue	25,300	26,060	760	3.0
Customs duty				
Textiles, clothing and footwear	630	610	-20	-3.2
Passenger motor vehicles	830	780	-50	-6.0
Excise-like goods	3,700	3,530	-170	-4.6
Other imports	1,510	1,240	-270	-17.9
less: Refunds and drawbacks	240	120	-120	-50.0
Total customs duty revenue	6,430	6,040	-390	-6.1
Other indirect taxation				
Agricultural levies	376	404	28	7.4
Other taxes	2,374	2,355	-19	-0.8
Total other indirect taxation revenue	2,749	2,758	9	0.3
Indirect taxation revenue	**84,919**	**84,258**	**-661**	**-0.8**
Taxation revenue	**299,419**	**290,298**	**-9,121**	**-3.0**
Sales of goods and services	7,987	8,058	71	0.9
Interest	5,074	5,277	203	4.0
Dividends	1,764	1,839	75	4.3
Other non-taxation revenue	5,438	5,307	-131	-2.4
Non-taxation revenue	**20,263**	**20,480**	**217**	**1.1**
Total revenue	**319,682**	**310,779**	**-8,904**	**-2.8**
Memorandum:				
Capital gains tax	*8,700*	*5,500*	*-3,200*	*-36.8*
Medicare levy revenue	*8,220*	*8,330*	*110*	*1.3*

(a) Resource rent taxes in 2010-11 only includes PRRT.

Table B2: Reconciliation of 2011-12 general government (accrual) revenue

	Estimates		Change on MYEFO	
	MYEFO	Budget		
	$m	$m	$m	%
Individuals and other withholding taxes				
Gross income tax withholding	145,610	144,930	-680	-0.5
Gross other individuals	34,700	33,360	-1,340	-3.9
less: Refunds	27,100	27,400	300	1.1
Total individuals and other withholding taxation	153,210	150,890	-2,320	-1.5
Fringe benefits tax	3,760	3,760	0	0.0
Company tax	77,200	74,600	-2,600	-3.4
Superannuation funds	9,150	9,330	180	2.0
Resource rent taxes(a)	2,070	2,050	-20	-1.0
Income taxation revenue	**245,390**	**240,630**	**-4,760**	**-1.9**
Sales taxes				
Goods and services tax	52,200	50,630	-1,570	-3.0
Wine equalisation tax	830	760	-70	-8.4
Luxury car tax	580	510	-70	-12.1
Total sales taxes	53,610	51,900	-1,710	-3.2
Excise duty				
Petrol	5,970	5,870	-100	-1.7
Diesel	7,270	7,610	340	4.7
Beer	2,170	2,070	-100	-4.6
Tobacco	5,430	5,830	400	7.4
Other excisable products	4,920	4,950	30	0.6
Of which: Other excisable beverages	1,020	960	-60	-5.9
Total excise duty revenue	25,760	26,330	570	2.2
Customs duty				
Textiles, clothing and footwear	660	620	-40	-6.1
Passenger motor vehicles	920	780	-140	-15.2
Excise-like goods	4,790	4,830	40	0.8
Other imports	1,670	1,410	-260	-15.6
less: Refunds and drawbacks	240	120	-120	-50.0
Total customs duty revenue	7,800	7,520	-280	-3.6
Other indirect taxation				
Agricultural levies	384	414	30	7.9
Other taxes	2,337	2,453	116	5.0
Total other indirect taxation revenue	2,721	2,867	146	5.4
Indirect taxation revenue	**89,891**	**88,617**	**-1,274**	**-1.4**
Taxation revenue	**335,281**	**329,247**	**-6,034**	**-1.8**
Sales of goods and services	8,133	8,050	-83	-1.0
Interest	4,842	5,735	892	18.4
Dividends	1,426	1,328	-98	-6.9
Other non-taxation revenue	5,694	5,601	-93	-1.6
Non-taxation revenue	**20,096**	**20,714**	**618**	**3.1**
Total revenue	**355,376**	**349,961**	**-5,416**	**-1.5**
Memorandum:				
Capital gains tax	*11,300*	*8,300*	*-3,000*	*-26.5*
Medicare levy revenue	*8,850*	*8,940*	*90*	*1.0*

(a) Resource rent taxes in 2011-12 only includes PRRT.

Table B3: Reconciliation of 2010-11 general government (cash) receipts

	Estimates		Change on MYEFO	
	MYEFO	Budget		
	$m	$m	$m	%
Individuals and other withholding taxes				
Gross income tax withholding	130,900	130,100	-800	-0.6
Gross other individuals	28,750	27,400	-1,350	-4.7
less: Refunds	24,350	24,850	500	2.1
Total individuals and other withholding taxation	135,300	132,650	-2,650	-2.0
Fringe benefits tax	3,600	3,600	0	0.0
Company tax	62,400	57,100	-5,300	-8.5
Superannuation funds	7,290	7,090	-200	-2.7
Resource rent taxes(a)	1,350	840	-510	-37.8
Income taxation receipts	**209,940**	**201,280**	**-8,660**	**-4.1**
Sales taxes				
Goods and services tax	47,237	45,779	-1,459	-3.1
Wine equalisation tax	760	700	-60	-7.9
Luxury car tax	540	500	-40	-7.4
Total sales taxes	48,537	46,979	-1,559	-3.2
Excise duty				
Petrol	5,910	5,900	-10	-0.2
Diesel	7,080	7,320	240	3.4
Beer	2,000	1,950	-50	-2.5
Tobacco	6,070	6,720	650	10.7
Other excisable products	4,170	4,180	10	0.2
Of which: Other excisable beverages	940	900	-40	-4.3
Total excise duty receipts	25,230	26,070	840	3.3
Customs duty				
Textiles, clothing and footwear	630	610	-20	-3.2
Passenger motor vehicles	600	480	-120	-20.0
Excise-like goods	3,700	3,530	-170	-4.6
Other imports	1,500	1,230	-270	-18.0
less: Refunds and drawbacks	380	260	-120	-31.6
Total customs duty receipts	6,050	5,590	-460	-7.6
Other indirect taxation				
Agricultural levies	376	404	28	7.4
Other taxes	2,135	2,193	57	2.7
Total other indirect taxation receipts	2,511	2,596	85	3.4
Indirect taxation receipts	**82,329**	**81,235**	**-1,094**	**-1.3**
Taxation receipts	**292,269**	**282,515**	**-9,754**	**-3.3**
Sales of goods and services	7,879	7,901	23	0.3
Interest received	4,779	4,954	175	3.7
Dividends	2,814	2,984	170	6.1
Other non-taxation receipts	5,464	5,335	-129	-2.4
Non-taxation receipts	**20,936**	**21,175**	**239**	**1.1**
Total receipts	**313,205**	**303,690**	**-9,515**	**-3.0**
Capital gains tax	*8,700*	*5,500*	*-3,200*	*-36.8*
Medicare levy revenue	*8,220*	*8,330*	*110*	*1.3*

(a) Resource rent taxes in 2010-11 only includes PRRT.

Table B4: Reconciliation of 2011-12 general government (cash) receipts

	Estimates		Change on MYEFO	
	MYEFO	Budget		
	$m	$m	$m	%
Individuals and other withholding taxes				
Gross income tax withholding	144,400	143,850	-550	-0.4
Gross other individuals	33,000	31,050	-1,950	-5.9
less: Refunds	27,100	27,400	300	1.1
Total individuals and other withholding taxation	150,300	147,500	-2,800	-1.9
Fringe benefits tax	3,700	3,700	0	0.0
Company tax	75,400	72,800	-2,600	-3.4
Superannuation funds	9,080	9,230	150	1.7
Resource rent taxes(a)	2,100	2,080	-20	-1.0
Income taxation receipts	**240,580**	**235,310**	**-5,270**	**-2.2**
Sales taxes				
Goods and services tax	50,100	48,482	-1,618	-3.2
Wine equalisation tax	820	750	-70	-8.5
Luxury car tax	580	510	-70	-12.1
Total sales taxes	51,500	49,742	-1,758	-3.4
Excise duty				
Petrol	5,880	5,790	-90	-1.5
Diesel	7,290	7,630	340	4.7
Beer	2,170	2,070	-100	-4.6
Tobacco	5,430	5,830	400	7.4
Other excisable products	4,920	4,950	30	0.6
Of which: Other excisable beverages	1,020	960	-60	-5.9
Total excise duty receipts	25,690	26,270	580	2.3
Customs duty				
Textiles, clothing and footwear	660	620	-40	-6.1
Passenger motor vehicles	810	630	-180	-22.2
Excise-like goods	4,790	4,830	40	0.8
Other imports	1,660	1,400	-260	-15.7
less: Refunds and drawbacks	380	260	-120	-31.6
Total customs duty receipts	7,540	7,220	-320	-4.2
Other indirect taxation				
Agricultural levies	384	414	30	7.9
Other taxes	1,993	2,147	154	7.7
Total other indirect taxation receipts	2,376	2,561	185	7.8
Indirect taxation receipts	**87,106**	**85,793**	**-1,313**	**-1.5**
Taxation receipts	**327,686**	**321,103**	**-6,583**	**-2.0**
Sales of goods and services	8,075	7,996	-79	-1.0
Interest received	4,498	5,297	798	17.8
Dividends	1,552	1,422	-130	-8.3
Other non-taxation receipts	6,384	6,573	189	3.0
Non-taxation receipts	**20,509**	**21,288**	**779**	**3.8**
Total receipts	**348,194**	**342,390**	**-5,804**	**-1.7**
Memorandum:				
Capital gains tax	*11,300*	*8,300*	*-3,000*	*-26.5*
Medicare levy revenue	*8,850*	*8,940*	*90*	*1.0*

(a) Resource rent taxes in 2011-12 only includes PRRT.

APPENDIX C: REVENUE AND RECEIPTS HISTORY AND FORECASTS

Table C1: Australian Government (accrual) revenue

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11 (est)	2011-12 (est)	2012-13 (est)	2013-14 (proj)	2014-15 (proj)
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Individuals and other withholding taxes													
Gross income tax withholding	84,640	90,095	98,250	103,811	107,809	114,700	117,086	119,922	131,320	144,930	156,920	168,960	181,150
Gross other individuals	18,314	21,010	24,003	25,859	26,952	31,036	32,260	27,287	29,860	33,360	38,680	41,890	45,710
less: Refunds	11,651	12,325	13,734	15,239	17,147	19,601	23,569	24,390	24,850	27,400	28,000	30,900	33,750
Total individuals and other withholding	91,303	98,779	108,519	114,431	117,614	126,135	125,777	122,820	136,330	150,890	167,600	179,950	193,110
Fringe benefits tax	3,154	3,642	3,476	4,084	3,754	3,796	3,581	3,523	3,670	3,760	4,220	4,770	5,230
Superannuation funds	4,896	5,785	6,410	6,705	7,879	11,988	9,227	6,182	7,220	9,330	10,490	11,800	12,810
Company tax	33,365	36,337	43,106	48,987	58,538	64,790	60,705	53,193	57,880	74,600	78,140	80,300	83,470
Resource rent taxes(a)	1,715	1,165	1,465	1,991	1,594	1,871	2,099	1,297	940	2,050	8,090	8,870	7,310
Income taxation revenue	134,432	145,709	162,974	176,198	189,378	208,579	201,389	187,016	206,040	240,630	268,540	285,690	301,930
Sales taxes													
Goods and services tax	31,257	34,121	35,975	39,118	41,208	44,381	42,626	46,553	48,180	50,630	54,230	57,320	60,150
Wine equalisation tax	673	705	693	657	651	661	707	748	720	760	810	840	890
Luxury car tax	261	336	302	331	365	464	384	499	500	510	530	560	590
Other sales taxes(b)	-39	-38	-13	-19	60	-19	-1	0	0	0	0	0	0
Total sales taxes	32,153	35,122	36,957	40,086	42,284	45,486	43,716	47,800	49,400	51,900	55,570	58,720	61,630
Excise duty													
Fuel excise	13,337	13,529	14,350	14,073	14,653	15,085	15,592	15,766	16,230	17,180	17,580	17,970	18,740
Other excise	7,450	7,539	7,631	7,854	8,082	8,441	8,727	8,781	9,830	9,150	9,330	9,890	10,440
Total excise duty	20,787	21,068	21,981	21,927	22,734	23,526	24,319	24,547	26,060	26,330	26,910	27,860	29,180
Customs duty	5,573	5,622	5,548	4,988	5,644	6,070	6,276	5,748	6,040	7,520	8,110	8,540	8,910
Other indirect taxation													
Agricultural levies	586	603	584	610	608	611	620	395	404	414	413	414	415
Other taxes	1,672	1,835	1,899	1,908	1,862	1,957	2,334	2,494	2,355	2,453	2,552	2,713	2,804
Total other indirect taxation revenue	2,258	2,438	2,483	2,518	2,470	2,567	2,954	2,889	2,758	2,867	2,965	3,127	3,219
Indirect taxation revenue	60,770	64,250	66,969	69,518	73,132	77,650	77,264	80,984	84,258	88,617	93,555	98,247	102,939
Taxation revenue	195,203	209,959	229,943	245,716	262,510	286,229	278,653	268,000	290,298	329,247	362,095	383,937	404,869

Table C1: Australian Government (accrual) revenue (continued)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11 (est)	2011-12 (est)	2012-13 (est)	2013-14 (proj)	2014-15 (proj)
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Interest received	1,185	1,304	1,621	2,437	3,921	5,558	5,124	4,430	5,277	5,735	5,763	5,792	5,477
Dividends and other	10,535	10,905	10,943	13,085	11,979	11,942	15,155	20,337	15,203	14,979	15,263	15,446	15,490
Non-taxation revenue	11,720	12,209	12,564	15,522	15,900	17,500	20,280	24,767	20,480	20,714	21,026	21,238	20,967
Total revenue	206,922	222,168	242,507	261,238	278,410	303,729	298,933	292,767	310,779	349,961	383,121	405,174	425,836

(a) Resource rent taxes include PRRT and gross revenue from the MRRT. The net revenue from the MRRT is $3.7 billion in 2012-13, $4.0 billion in 2013-14 and $3.4 billion in 2014-15, which represents the net impact on revenue across several different revenue heads. This includes the offsetting reductions in company tax (through deductibility) and interactions with other taxes.

(b) 'Other sales taxes' includes Wholesale Sales Tax prior to 2000-01, when it was abolished as part of the changes under A New Tax System.

Table C2: Major categories of (accrual) revenue as proportion of gross domestic product

	Income tax									Indirect taxation revenue						
	Gross ITW	Gross other ind.	Refunds	Total ind. & w'holding	FBT	Super funds	Companies	RRT(a)	Total income tax	Sales tax(b)	Excise & Customs duty	Other tax	Total indirect tax	Total tax revenue	Total non-tax revenue	Total revenue
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
1999-00	12.2	2.1	1.6	12.7	0.6	0.6	3.7	0.2	17.8	2.4	2.7	0.2	5.3	23.1	2.1	25.2
2000-01	10.7	1.9	1.6	11.0	0.5	0.7	5.0	0.3	17.6	3.6	3.3	0.3	7.2	24.8	1.4	26.3
2001-02	10.5	2.3	1.4	11.4	0.5	0.5	3.6	0.2	16.2	3.7	3.3	0.3	7.3	23.5	1.6	25.1
2002-03	10.5	2.3	1.4	11.4	0.4	0.6	4.1	0.2	16.7	4.0	3.3	0.3	7.6	24.3	1.5	25.7
2003-04	10.4	2.4	1.4	11.4	0.4	0.7	4.2	0.1	16.8	4.1	3.1	0.3	7.4	24.3	1.4	25.7
2004-05	10.6	2.6	1.5	11.7	0.4	0.7	4.7	0.2	17.6	4.0	3.0	0.3	7.2	24.8	1.4	26.2
2005-06	10.4	2.6	1.5	11.4	0.4	0.7	4.9	0.2	17.6	4.0	2.7	0.3	6.9	24.5	1.5	26.1
2006-07	9.9	2.5	1.6	10.8	0.3	0.7	5.4	0.1	17.3	3.9	2.6	0.2	6.7	24.0	1.5	25.5
2007-08	9.7	2.6	1.7	10.6	0.3	1.0	5.5	0.2	17.6	3.8	2.5	0.2	6.5	24.1	1.5	25.6
2008-09	9.3	2.6	1.9	10.0	0.3	0.7	4.8	0.2	16.0	3.5	2.4	0.2	6.2	22.2	1.6	23.8
2009-10	9.3	2.1	1.9	9.6	0.3	0.5	4.1	0.1	14.6	3.7	2.4	0.2	6.3	20.9	1.9	22.8
2010-11 est	9.5	2.2	1.8	9.8	0.3	0.5	4.2	0.1	14.8	3.6	2.3	0.2	6.1	20.9	1.5	22.4
2011-12 est	9.8	2.3	1.9	10.2	0.3	0.6	5.1	0.1	16.3	3.5	2.3	0.2	6.0	22.3	1.4	23.7
2012-13 est	10.1	2.5	1.8	10.7	0.3	0.7	5.0	0.5	17.2	3.6	2.2	0.2	6.0	23.2	1.3	24.6
2013-14 proj	10.3	2.6	1.9	11.0	0.3	0.7	4.9	0.5	17.4	3.6	2.2	0.2	6.0	23.4	1.3	24.7
2014-15 proj	10.5	2.6	2.0	11.2	0.3	0.7	4.8	0.4	17.5	3.6	2.2	0.2	6.0	23.4	1.2	24.6

(a) Resource rent taxes (RRT) include PRRT and gross revenue from the MRRT. The net revenue from the MRRT is $3.7 billion in 2012-13, $4.0 billion in 2013-14 and $3.4 billion in 2014-15, which represents the net impact on revenue across several different revenue heads. This includes the offsetting reductions in company tax (through deductibility) and interactions with other taxes.

(b) 'Other sales taxes' includes Wholesale Sales Tax prior to 2000-01, when it was abolished as part of the changes under A New Tax System.

Table C3: Australian government (cash) receipts

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11 (est)	2011-12 (est)	2012-13 (est)	2013-14 (proj)	2014-15 (proj)
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Individuals and other withholding taxes													
Gross income tax withholding	84,134	89,638	97,304	103,120	107,119	113,982	115,899	118,532	130,100	143,850	155,750	167,700	179,800
Gross other individuals	17,436	19,935	22,554	24,895	25,797	29,525	30,030	25,928	27,400	31,050	36,100	39,100	42,600
less: Refunds	11,651	12,325	13,734	15,244	17,145	19,601	23,569	24,390	24,850	27,400	28,000	30,900	33,750
Total individuals and other withholding	89,919	97,247	106,123	112,770	115,770	123,906	122,361	120,070	132,650	147,500	163,850	175,900	188,650
Fringe benefits tax	3,459	3,590	3,703	4,049	3,761	3,856	3,399	3,504	3,600	3,700	4,150	4,700	5,150
Superannuation funds	4,840	5,551	6,248	6,368	8,211	12,054	9,217	6,099	7,090	9,230	10,380	11,680	12,680
Company tax	32,752	36,101	40,404	48,960	57,100	61,700	60,391	52,209	57,100	72,800	76,300	78,400	81,500
Resource rent taxes(a)	1,712	1,168	1,459	1,917	1,510	1,686	2,184	1,251	840	2,080	8,100	8,880	7,320
Income taxation receipts	132,681	143,658	157,937	174,063	186,353	203,202	197,552	183,132	201,280	235,310	262,780	279,560	295,300
Sales taxes													
Goods and services tax	30,713	33,069	35,184	37,342	39,614	42,424	41,335	43,967	45,779	48,482	51,890	54,850	57,560
Wine equalisation tax	669	704	682	656	650	665	693	733	700	750	800	830	880
Luxury car tax	261	335	298	322	364	452	393	472	500	510	530	560	590
Other sales taxes(b)	-72	-48	-10	-16	-6	0	-1	0	0	0	0	0	0
Total sales taxes	31,571	34,060	36,154	38,304	40,621	43,541	42,420	45,173	46,979	49,742	53,220	56,240	59,030
Excise duty													
Fuel excise	13,283	13,540	14,276	13,992	14,663	15,252	15,637	15,675	16,240	17,120	17,600	18,260	18,680
Other excise	7,450	7,539	7,612	7,822	8,086	8,474	8,736	8,764	9,830	9,150	9,330	9,890	10,440
Total excise duty	20,733	21,079	21,888	21,814	22,749	23,727	24,373	24,439	26,070	26,270	26,930	28,150	29,120
Customs duty	4,982	5,038	5,012	4,488	5,063	5,561	5,814	5,341	5,590	7,220	7,960	8,390	8,760
Other indirect taxation													
Agricultural levies	586	603	584	610	608	611	620	395	404	414	413	414	415
Other taxes	1,578	1,655	1,740	1,936	1,999	1,734	1,848	2,494	2,193	2,147	2,124	2,545	2,740
Total other indirect taxation receipts	2,164	2,258	2,324	2,546	2,607	2,345	2,468	2,888	2,596	2,561	2,536	2,959	3,155
Indirect taxation receipts	59,450	62,435	65,377	67,152	71,039	75,174	75,075	77,841	81,235	85,793	90,646	95,738	100,066
Taxation receipts	192,132	206,092	223,314	241,215	257,392	278,376	272,627	260,973	282,515	321,103	353,426	375,298	395,366

Table C3: Australian government (cash) receipts

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10 (est)	2010-11 (est)	2011-12 (est)	2012-13 (proj)	2013-14 (proj)	2013-14 (proj)
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Interest received	982	1,056	1,400	2,325	3,731	4,769	5,166	4,025	4,954	5,297	5,272	5,255	4,882
Dividends and other	11,500	10,627	11,271	12,403	11,514	11,772	14,806	19,665	16,220	15,991	19,822	15,382	15,206
Non-taxation receipts	12,482	11,683	12,670	14,728	15,245	16,540	19,973	23,689	21,175	21,288	25,094	20,637	20,087
Total receipts	204,614	217,776	235,985	255,943	272,637	294,917	292,600	284,662	303,690	342,390	378,520	395,935	415,453

(a) Resource rent taxes include PRRT and gross receipts from the MRRT. The net receipts from the MRRT are $3.7 billion in 2012-13, $4.0 billion in 2013-14 and $3.4 billion in 2014-15, which represents the net impact on receipts across several different revenue heads. This includes the offsetting reductions in company tax (through deductibility) and interactions with other taxes.

(b) 'Other sales taxes' includes Wholesale Sales Tax prior to 2000-01, when it was abolished as part of the changes under A New Tax System.

Table C4: Major categories of (cash) receipts as proportion of gross domestic product

	Income tax									Indirect taxation receipts						
	Gross ITW	Gross other ind.(b)	Refunds	Total ind. & w'holding	FBT	Super funds	Companies	RRT(c)	Total income tax	Sales tax(d)	Excise & Customs duty	Other tax	Total indirect tax	Total tax receipts	Total non-tax receipts	Total receipts
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
1977-78	10.1	2.4	0.9	11.6	0.0	0.0	2.9	0.0	14.5	1.7	3.7	0.4	5.7	20.2	2.4	22.7
1978-79	9.7	2.0	0.9	10.8	0.0	0.0	2.5	0.0	13.3	1.5	4.4	0.4	6.2	19.6	2.3	21.8
1979-80	9.9	2.1	0.8	11.2	0.0	0.0	2.5	0.0	13.7	1.4	4.8	0.4	6.5	20.2	2.1	22.3
1980-81	10.0	2.2	0.8	11.5	0.0	0.0	3.1	0.0	14.6	1.4	5.0	0.3	6.7	21.2	2.2	23.4
1981-82	10.7	2.1	0.8	12.1	0.0	0.0	2.8	0.0	14.9	1.6	4.5	0.3	6.4	21.4	2.0	23.4
1982-83	11.0	2.1	1.0	12.1	0.0	0.0	2.5	0.0	14.7	1.8	4.7	0.3	6.8	21.5	2.3	23.8
1983-84	10.6	2.1	1.1	11.6	0.0	0.0	2.1	0.0	13.7	1.9	4.7	0.4	7.1	20.8	2.4	23.2
1984-85	11.1	2.3	0.9	12.5	0.0	0.0	2.3	0.0	14.9	2.1	4.9	0.5	7.5	22.3	2.5	24.8
1985-86	11.4	2.6	1.3	12.7	0.0	0.0	2.3	0.0	15.0	2.2	4.9	0.4	7.4	22.4	2.8	25.2
1986-87	11.7	3.0	1.3	13.4	0.2	0.0	2.3	0.0	16.0	2.2	4.5	0.4	7.1	23.1	2.9	26.0
1987-88	11.3	3.0	1.3	13.0	0.3	0.0	2.7	0.0	15.9	2.3	4.2	0.4	7.0	22.9	2.6	25.5
1988-89	11.7	2.7	1.4	13.0	0.3	0.0	2.8	0.0	16.0	2.5	3.5	0.4	6.4	22.5	2.0	24.4
1989-90	11.4	2.5	1.4	12.5	0.3	0.1	3.2	0.0	16.0	2.5	3.4	0.3	6.2	22.2	1.9	24.2
1990-91	11.1	2.7	1.6	12.2	0.3	0.3	3.4	0.1	16.2	2.2	3.3	0.4	5.9	22.1	1.8	23.9
1991-92	10.8	2.1	1.8	11.1	0.3	0.3	3.1	0.2	15.1	2.1	3.0	0.3	5.4	20.4	2.0	22.4
1992-93	10.7	1.9	1.7	10.8	0.3	0.3	2.9	0.3	14.6	2.1	2.9	0.2	5.2	19.8	2.0	21.8
1993-94	10.6	1.8	1.5	10.9	0.3	0.3	2.7	0.2	14.4	2.2	3.0	0.2	5.4	19.8	2.2	22.0
1994-95	10.8	1.9	1.6	11.1	0.5	0.4	3.1	0.2	15.3	2.3	3.1	0.2	5.7	21.0	1.7	22.7
1995-96	11.3	1.9	1.6	11.6	0.6	0.3	3.4	0.1	16.1	2.4	3.0	0.2	5.7	21.7	1.6	23.4
1996-97	11.5	2.1	1.6	12.1	0.6	0.5	3.4	0.2	16.8	2.4	3.0	0.2	5.5	22.3	1.6	23.9
1997-98	11.7	2.0	1.6	12.2	0.5	0.5	3.3	0.2	16.7	2.4	2.9	0.2	5.5	22.1	1.6	23.8

Table C4: Major categories of (cash) receipts as proportion of gross domestic product[(a)]

	Income tax									Indirect taxation receipts						
	Gross ITW	Gross other ind.(b)	Refunds	Total ind. & w'holding	FBT	Super funds	Companies	RRT(c)	Total income tax	Sales tax(d)	Excise & Customs duty	Other tax	Total indirect tax	Total tax receipts	Total non-tax receipts	Total receipts
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
1998-99	12.1	2.1	1.7	12.5	0.5	0.6	3.3	0.1	17.1	2.4	2.8	0.0	5.2	22.2	2.2	24.4
1999-00	12.2	2.0	1.6	12.6	0.6	0.6	3.7	0.2	17.6	2.3	2.7	0.2	5.2	22.8	2.2	25.0
2000-01	10.6	1.9	1.6	10.9	0.5	0.7	4.5	0.3	16.9	3.6	3.3	0.2	7.2	24.0	1.8	25.8
2001-02	10.4	2.1	1.4	11.2	0.5	0.6	3.6	0.2	16.0	3.6	3.2	0.3	7.1	23.1	1.6	24.7
2002-03	10.5	2.2	1.4	11.2	0.4	0.6	4.1	0.2	16.5	3.9	3.2	0.3	7.4	23.9	1.6	25.4
2003-04	10.4	2.3	1.4	11.2	0.4	0.6	4.2	0.1	16.6	3.9	3.0	0.3	7.2	23.8	1.4	25.2
2004-05	10.5	2.4	1.5	11.5	0.4	0.7	4.4	0.2	17.0	3.9	2.9	0.3	7.1	24.1	1.4	25.5
2005-06	10.3	2.5	1.5	11.3	0.4	0.6	4.9	0.2	17.4	3.8	2.6	0.3	6.7	24.1	1.5	25.6
2006-07	9.8	2.4	1.6	10.6	0.3	0.8	5.2	0.1	17.1	3.7	2.5	0.2	6.5	23.6	1.4	25.0
2007-08	9.6	2.5	1.7	10.4	0.3	1.0	5.2	0.1	17.1	3.7	2.5	0.2	6.3	23.5	1.4	24.9
2008-09	9.2	2.4	1.9	9.7	0.3	0.7	4.8	0.2	15.7	3.4	2.4	0.2	6.0	21.7	1.6	23.3
2009-10	9.2	2.0	1.9	9.3	0.3	0.5	4.1	0.1	14.3	3.5	2.3	0.2	6.1	20.3	1.8	22.2
2010-11 est	9.4	2.0	1.8	9.6	0.3	0.5	4.1	0.1	14.5	3.4	2.3	0.2	5.8	20.3	1.5	21.9
2011-12 est	9.7	2.1	1.9	10.0	0.3	0.6	4.9	0.1	15.9	3.4	2.3	0.2	5.8	21.8	1.4	23.2
2012-13 est	10.0	2.3	1.8	10.5	0.3	0.7	4.9	0.5	16.8	3.4	2.2	0.2	5.8	22.7	1.6	24.3
2013-14 proj	10.2	2.4	1.9	10.7	0.3	0.7	4.8	0.5	17.0	3.4	2.2	0.2	5.8	22.9	1.3	24.1
2014-15 proj	10.4	2.5	2.0	10.9	0.3	0.7	4.7	0.4	17.1	3.4	2.2	0.2	5.8	22.9	1.2	24.0

(a) Figures in 1998-99 are based on the old Commonwealth Budget Sector cash accounting framework. Figures from 1999-2000 are on an Australian Government general government GFS basis.

(b) Gross other individuals includes amounts previously collected under the Prescribed Payments System and Reportable Payments System between 1983-84 and 1999-00.

(c) Resource rent taxes (RRT) include PRRT and gross receipts from the MRRT. The net receipts from the MRRT are $3.7 billion in 2012-13, $4.0 billion in 2013-14 and $3.4 billion in 2014-15, which represents the net impact on receipts across several different revenue heads. This includes the offsetting reductions in company tax (through deductibility) and interactions with other taxes.

(d) Sales taxes include wholesale sales tax which was abolished in 2000-01.

APPENDIX D: FORECAST METHODOLOGY AND PERFORMANCE

The Government's revenue estimates are prepared using a 'base plus growth' methodology. The last known outcome (2009-10 for the 2011-12 Budget) is used as the base to which estimated growth rates are applied, resulting in revenue estimates for the current and future years. The growth rates are determined from forecasts for a large range of economic data, many of which are described in Statement 2.

The smaller and relatively simple heads of revenue, such as luxury car tax and many of the excises, are forecast by mapping an appropriate economic parameter growth rate forecast directly to the tax growth rate. Most of the large and complex heads of revenue, such as personal and company income taxes, are forecast by mapping appropriate economic parameter growth rates to the various income, expense and deduction items on the relevant tax returns. An estimate of total tax payable is then calculated by applying the statutory rates to the estimated income base. Timing models based on past payment behaviour assist in determining whether this tax will be paid in the year the income is earned, such as for pay as you go withholding tax, or in future years, such as for individuals' refunds.

Other information affecting revenue forecasts includes known tax collections for the current year, new policy, and properties of the calendar (for example, more pay as you go withholding tax is paid on a Thursday than any other day so years with 53 Thursdays will result in more revenue than years with 52 Thursdays).

The Government's revenue forecasts, like all forecasts, are subject to a margin of error. The discernable trend between 2000-01 and 2007-08 was for revenue forecasts to under predict revenue outcomes (Chart D1). For example, the 2007-08 Budget forecast taxation revenue to grow by 4.8 per cent in 2007-08, compared to the outcome of 9.3 per cent, a forecast error of 4.5 percentage points. Since 2008-09, reflecting the global financial crisis, the outcome for revenue has been lower than the Budget forecast.

The revenue forecasting error may be split into three underlying sources: errors in the forecasts of the economy underpinning the revenue forecasts; errors in translating the economy to revenue forecasts; and miscellaneous factors such as post Budget government policy decisions, court decisions regarding tax law interpretation, changes in compliance activities of the Australian Tax Office and their success, and revisions to historical economic data. Note that there may also be secondary errors relating to the timing of the payments of tax: even if the forecasts were accurate, revenue may be recorded in the fiscal year before or after it was expected.

Chart D1: Budget forecast error on taxation revenue growth (excluding GST)

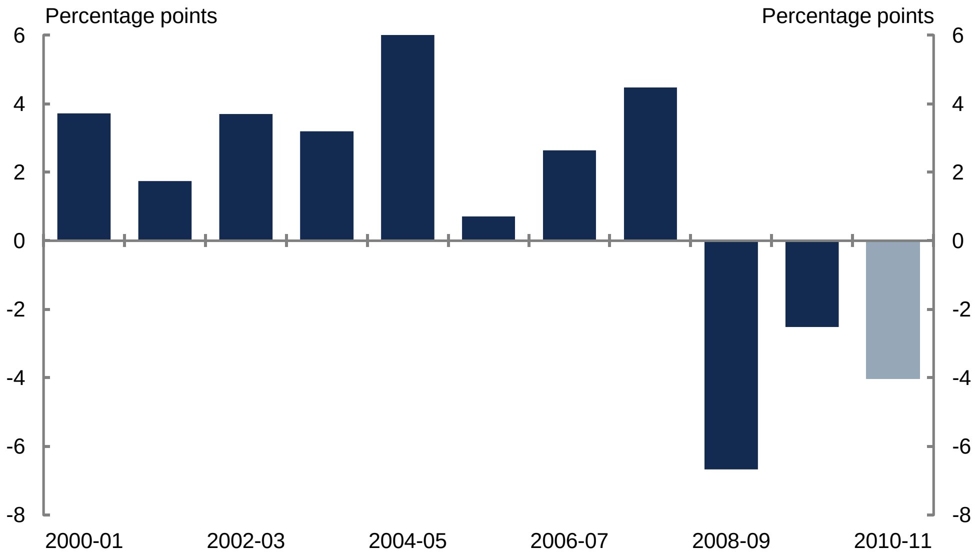
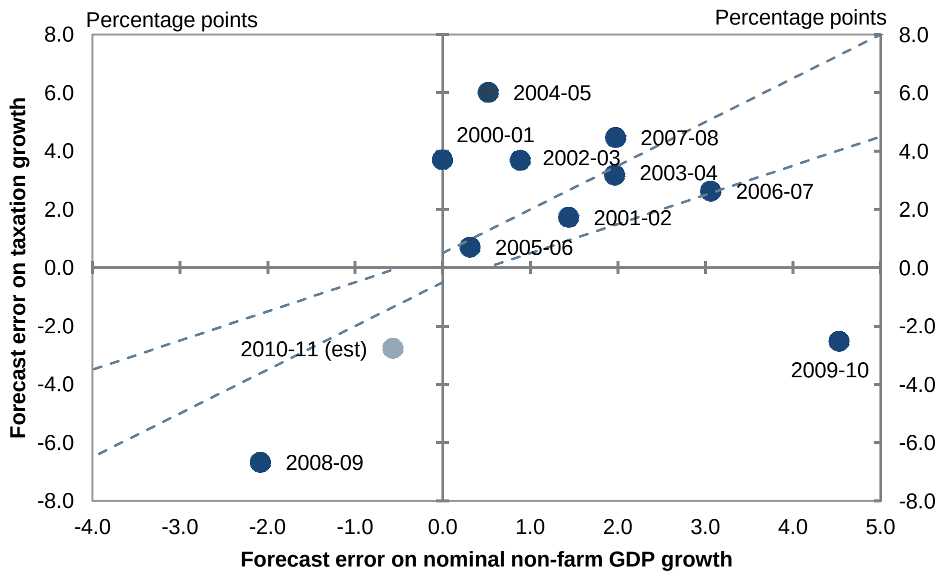


Chart D2 shows the relationship between forecast errors of the economy and tax revenue over recent years, including the current estimates for 2010-11. The dotted lines in Chart D2 represent a theoretical range for the relationship between the economic and revenue forecasting errors.

- Nominal non-farm GDP has been chosen as a broad indicator of the economic forecasts. Not all tax revenues are closely linked to GDP — capital gains tax (CGT) for example — and some of the sources of error described above are independent of economic conditions. So the relationship in the chart will only be approximate. The lines assume a revenue forecasting error of plus or minus 0.5 per cent if there is zero error on the economic forecasts.
- On average, economic forecasting errors will be magnified in the forecasting errors for revenue growth due to the progressive nature of personal income tax. The lower and upper lines assume aggregate elasticities (of revenue with respect to nominal non-farm GDP) of 1.0 and 1.5 respectively, which are consistent with theoretical models of the tax system after broadly allowing for uncertainties such as capital gains tax and the timing of payments.

Chart D2: Budget forecast errors on nominal non-farm GDP growth and taxation revenue growth (excluding GST)



Broadly, points below this range represent forecasts of tax revenue growth that were too high, given the economic growth forecasts, and points above the range represent forecasts of tax revenue growth that were too low, given the economic growth forecasts.

- For example, in 2002-03 nominal GDP growth turned out to be around ¾ of a percentage point higher than forecast but growth in tax revenue was almost 4 percentage points higher than forecast — higher than the around 1 percentage point error that the rule of thumb suggests should be theoretically associated with an economic forecasting error of that magnitude.

In recent years tax errors in tax revenue have been significantly affected by the economic downturn related to the global financial crisis, particularly with regard to capital gains tax and the utilisation of both operating and capital losses.

The 2008-09 year was strongly affected by unforeseen movements in CGT. Revenue in 2007-08 was bolstered by around $18 billion of CGT, an increase of more than 50 per cent from the previous year. Revenue in 2008-09 was affected in reverse, as plunging stock prices led to a fall in CGT of greater than 30 per cent. Abstracting from CGT, the estimated forecast errors on tax revenue in 2007-08 and 2008-09 were much closer to the expected range, given the error on nominal non-farm GDP.

Nominal GDP was overforecast for 2008-09 by around 2.5 percentage points, resulting in a much larger overforecast for revenue of around 6.5 percentage points. This high implied elasticity is due partly to overforecasting CGT and partly to compositional changes in GDP associated with the recent economic downturn.

In 2009-10, tax revenue was forecast relatively accurately despite the economy recovering much more quickly than was forecast at the 2009-10 Budget. This is partly explained by the fact that the recovery in the nominal economy in 2009-10 was heavily weighted to the end of the year — nominal GDP grew by only 0.5 per cent in the first quarter compared to 3.4 per cent in the last quarter. This is the most rapid increase in growth over the course of a financial year since 1972-73 and it has material implications for tax revenue. Because tax is paid with a lag, most of the additional tax from the stronger than expected economy was paid in the early part of the 2010-11 year rather than in 2009-10.

In addition, the larger than expected utilisation of losses generated in 2008-09 have contributed to the forecasting errors in 2009-10 and 2010-11. The current estimates for 2010-11, compared to the 2010-11 Budget, show that what appears likely to prove to be a modest over-forecast of nominal GDP will translate into a larger over-forecast of tax revenue, mostly due to a combination of natural disasters, exchange rate appreciation and larger than expected capital losses being utilised.

APPENDIX E: TAXATION REVENUE RECOGNITION

There are different methods of accounting for taxation revenue. Each method of revenue recognition results in estimates and outcomes that may be significantly different from those produced using other methods.

Accrual accounting was introduced by the Australian Government for the 1999-2000 Budget. Before then, all estimates and outcomes were reported only on a cash basis. Cash recognition still plays a role in budgeting and outcomes reporting, with both accrual and cash taxation estimates and outcomes reported in the Budget Papers. Furthermore, there are also different methods for recognising accrual revenue.

This appendix provides an explanation of the different revenue recognition methods that apply to the various taxation revenue heads.

Revenue recognition methods

Cash recognition

Under cash recognition, which is also referred to as receipts recognition, taxation receipts are accounted for at the time a taxation payment is received by the relevant authority. The receipt may be a different amount from the taxation liability and result in a subsequent amended (refund or debit) assessment. The receipt may also be received in a period different from that to which the taxation liability relates.

Cash recognition is an integral part of budget reporting as a cash flow statement must be prepared under the accrual accounting frameworks on which the budget must be based. It also provides additional information about the structure of taxation. Cash data are available over a much longer period — accrual data are only available since 1999-2000 — and are therefore often used for time series analysis.

Accrual revenue recognition

The AAS and GFS standards for accrual accounting (refer to Appendix A in Statement 3 for an explanation of these reporting standards) require that taxation revenue be recognised in the reporting period in which the underlying economic transaction occurs, such as when the taxpayer earns the income that is subsequently subject to taxation. This is referred to as the economic transactions method (ETM). However, the standards permit reporting using an alternative approach when there is an inability to reliably measure taxation revenues using ETM.

Currently, ETM has been determined not to be a reliable measure for several significant revenue heads — individuals and other withholding taxation, company income taxation and superannuation taxation. These revenue heads, which collectively account for the majority of total revenue, are recognised using the taxation liability method (TLM) rather than ETM.

Under TLM, taxation revenue is accounted for at the time a taxpayer makes a payment or self assessment or when an assessment of a taxation liability is raised by the relevant authority (for example, the Australian Taxation Office). This method retains some elements of cash revenue recognition — for example, revenue is recognised when cash payment occurs if it is prior to an assessment being raised.

The point of revenue recognition under ETM and TLM can sometimes be in different periods — for example, a taxation return for the 2007-08 income year lodged in October 2008, and which results in a new taxation liability or a refund, would be recognised in the 2007-08 financial year under ETM and in the 2008-09 financial year under TLM. In this case, ETM requires that outcomes for 2007-08 include an estimation of liabilities or revenue relating to activities in 2007-08 that are likely to be identified in subsequent periods. TLM outcomes do not incorporate this estimation, as only currently identified taxation liabilities are reported. Consequently, aggregate TLM revenue outcomes are usually known with relative certainty, although there can be estimation issues involved in allocating aggregate amounts between different heads of revenue.

History of accrual revenue recognition

From 1999-2000 to 2005-06, all accrual taxation revenue was recognised in budget documents on a TLM basis. From the 2006-07 Budget, ETM revenue recognition has been adopted for all revenue heads where the ETM revenue can be reliably estimated. This generally occurs where the economic activity, the identification of the liability and the receipt of the payment all occur with little or no lag and, consequently, the ETM and TLM (and cash) recognition methods produce relatively consistent results.

TLM revenue recognition continues to be used where ETM estimates are considered unreliable. At present, this is limited to individuals and other withholding taxation, company income taxation and superannuation taxation, but this will be reviewed periodically. ETM estimates and outcomes are inherently more volatile for these revenue heads, mainly because they incorporate the estimation of significant levels of liabilities likely to be identified in future periods. This additional level of estimation would increase the likelihood of differences between the revenue estimates and outcomes, with consequent impacts on the budget balances. This greater level of uncertainty would make the implementation of fiscal policy more problematic than if these revenue heads continue to be recognised using TLM.

Differences between the accrual and cash taxation revenue estimates

Table E1: Estimates of taxation revenue on an accrual and cash basis

	Estimates			Projections	
	2010-11	2011-12	2012-13	2013-14	2014-15
	$b	$b	$b	$b	$b
Taxation revenue (accrual)	290.3	329.2	362.1	383.9	404.9
Taxation receipts (cash)	282.5	321.1	353.4	375.3	395.4
Difference (accrual less cash)	**7.8**	**8.1**	**8.7**	**8.6**	**9.5**
Memorandum items:					
ACIS(a)	0.3	0.2	0.0	0.0	0.0
Net receivables	1.2	2.6	2.9	3.0	3.2
Write-offs of bad and doubtful debts	3.1	2.4	2.6	2.8	2.9
Penalty remissions	2.0	2.2	2.3	2.5	2.7
Other	1.1	0.8	0.9	0.4	0.7
Total	7.8	8.1	8.7	8.6	9.5

(a) Automotive Competitiveness and Investment Scheme.

Other differences between accrual and cash estimates

There are a number of other timing differences between the recognition of accrual revenue and cash receipts as well as instances where revenue has been recognised but cash payment is no longer expected to be received.

- Tax receivables arise where taxation liabilities are recognised in one period, but the taxpayer is not expected to pay the liability until a later period. In general, net receivables increase over time in line with growth in taxes.
- Penalty remissions occur where accrual taxation liabilities are recognised, but circumstances are taken into account and the Commissioner of Taxation reduces the amount of various penalties and interest required to be paid.
- A taxation liability may be written off where the previously recognised revenue is no longer expected to be received.
- A credit amendment may be issued where a taxation assessment is amended (for example, where a court decision leads to a change in the interpretation of the taxation laws).

APPENDIX F: 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.

The data reported in this appendix is consistent with the data reported in the 2010 Tax Expenditures Statement published in January 2011. The data does not include the impact of decisions in this Budget on tax expenditures.

Care needs to be taken when analysing tax expenditure data: see the 2010 Tax Expenditures Statement for a detailed discussion.

Table F1 contains estimates of total tax expenditures for the period 2007-08 to 2014-15.

Table F1: Total measured tax expenditures

Year	Housing $m	Superannuation $m	Other tax expenditures $m	Total $m	Tax expenditures as a proportion of GDP (%)
2007-08 (est)	41,000	38,965	45,875	125,840	10.6
2008-09 (est)	29,500	31,945	47,614	109,059	8.7
2009-10 (est)	39,000	26,972	46,932	112,904	8.8
2010-11 (proj)	40,000	28,039	48,828	116,867	8.4
2011-12 (proj)	42,500	30,863	49,440	122,803	8.3
2012-13 (proj)	43,000	33,303	52,473	128,776	8.3
2013-14 (proj)	43,000	37,983	58,635	139,618	8.5
2014-15 (proj)	43,500	42,403	65,179	151,082	8.7

Table F1 shows that measured tax expenditures as a proportion of GDP have fallen from 10.6 per cent in 2007-08 to 8.8 per cent in 2009-10.

Table F2 shows estimates of large measured tax expenditures for 2010-11.

Table F2: Large measured tax expenditures in 2010-11

Tax expenditure		Estimate $m
Large positive tax expenditures		
E5	Capital gains tax main residence exemption — discount component	22,500
E4	Capital gains tax main residence exemption	17,500
C5	Superannuation — concessional taxation of employer contributions	14,300
C6	Superannuation — concessional taxation of superannuation entity earnings	12,200
H28	GST — food — uncooked, not prepared, not for consumption on premises of sale and some beverages	5,900
E14	Capital gains tax discount for individuals and trusts	5,490
H19	GST — health; medical and health services	2,950
H16	GST — education	2,600
B110	Small business and general business tax break	2,350
H2	GST — financial supplies; input taxed treatment	2,200
B16	Exemption from interest withholding tax on certain securities	2,040
A45	Exemption of Family Tax Benefit, Parts A and B, including expense equivalent	1,950
C3	Concessional taxation of non-superannuation termination benefits	1,350
A24	Exemption of 30 per cent private health insurance refund, including expense equivalent	1,250
A23	Exemption from the Medicare levy for residents with a taxable income below a threshold	1,130
D18	Application of statutory formula to value car benefits	1,110
C8	Superannuation — deduction and concessional taxation of certain personal contributions	1,050
F3	Concessional rate of excise levied on aviation gasoline and aviation turbine fuel	1,000
H11	GST — imported services	1,000
H3	GST — financial supplies; reduced input tax credits	990
A33	Senior Australians' Tax Offset	960
D11	Philanthropy — exemption for public and not-for-profit hospitals and public ambulance services	920
D14	Philanthropy — exemption for public benevolent institutions (excluding public and not-for-profit hospitals)	920
B95	Statutory effective life caps	915
B4	Income tax exemption for local government bodies	820
A66	Philanthropy — deduction for gifts to deductible gift recipients	760
A49	Exemption of payments made under the First Home Owners Grant Scheme	760
H6	GST — water, sewerage and drainage	700
B106	Research and development — research and development tax concession	700
Large negative tax expenditures		
F20	Customs duty	-2,740
F7	Higher rate of excise levied on cigarettes not exceeding 0.8 grams of tobacco	-1,530