

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**TREASURY**

**Australian Taxation Office**

Additional Budget Estimates 20 February 2008

**Question**                    **AET 15**  
**Topic:**                      **Fuel Tax Credit Scheme**  
**Hansard Page:**          **Written**

**Senator Milne asked :**

1. Which coal mining companies are recipients of the fuel tax credits (FTC) scheme off-road component?
2. Can you provide a breakdown of the dollar value of credits claimed by each company?
3. What activities are these credits claimed in relation to?
4. What was the total dollar value of credits under the scheme from the 2006-07 financial year?
5. How much money has been claimed under the FTC scheme off-road component since its inception in 1982?
6. What is the policy objective of providing off-road FTC exemptions to coal mining companies?
7. Has this policy objective been met?
8. Has the department given consideration to the impact of the FTC on the consumption of fuel by coal mining companies? If not, why not, given the stated intentions of the Government in relation to reducing Australia's greenhouse emissions?

**Answers:**

- Q1 Unless Parliament specifically requires it, it has long been the practice of the Commissioner of Taxation not to discuss the tax affairs of individual taxpayers.
- Q2 There are 100 coal mining companies that claimed a total of \$521m in 2006-07 for fuel tax credits. There are possibly more claims relating to coal mining activities such as large companies with diversified activities but these companies may be linked to an industry code other than coal mining and as such are not included in the above figures.

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- Q3 The claims relate to eligible fuel used in eligible activities. The eligible activities are likely to include extraction, transport, exploring and prospecting and other eligible activities in the coal mining industry. The *Fuel tax credits guide for businesses* (ATO NAT 14584) provides guidance on eligible mining activities.
- Q4. The total dollar value of fuel tax credits for the 2006-07 financial year was \$4,379 million<sup>1</sup>.
- Q5 Fuel tax credits have only been available since the commencement of the *Fuel Tax Act 2006* on 1 July 2006.
- Q6 The policy objective is set out at Section 2-1 of the Fuel Tax Act and is to reduce or remove the incidence of fuel tax levied on taxable fuels, ensuring that, generally fuel tax is effectively only applied to:
- (a) fuel used in private vehicles and for certain other private purposes; and
  - (b) fuel used on-road in light vehicles for business purposes.
- The policy objective applies to all business, not only coal mining.
- Q7 As noted above, the intention of fuel tax credits is to remove the incidence of tax from business inputs. The full policy objective will be met on 1 July 2012 when phasing of eligibility for fuel tax credits for activities and fuels not currently covered has been fully implemented.
- Q8 The central component of the Government's framework to address climate change is the introduction of a broad based emissions trading system (ETS) by 2010. The ETS will be the primary mechanism for achieving the Government's greenhouse gas emissions reduction goal – to reduce emissions by sixty per cent on 2000 levels by 2050 – at least cost.

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<sup>1</sup> *Commissioner of Taxation Annual Report, page 30, table 2.8*

*Fuel tax credits actual expenditure (cash basis):*

(a) *Actual expenditure reflects the value of assessments raised in the 2006-07 financial year.*

(b) *Includes the energy grants credits scheme.*