HIGHLIGHTS

The 2009 Tax Expenditures Statement (TES) provides details for around 340 tax expenditures provided under Australian Government taxes. It incorporates policy decisions up to and including those reported in the *Mid-Year Economic and Fiscal Outlook 2009-10*.

Highlights from this year's TES include:

- Total tax expenditures are estimated at $102 billion in 2008-09, or around 8.5 per cent of GDP, down from $115 billion or 10.2 per cent of GDP in 2007-08.
  - The decline in total tax expenditures between 2007-08 and 2008-09 mainly reflects lower economic growth and taxation receipts (particularly from housing and superannuation) resulting from the Global Financial Crisis (GFC).
  - Total tax expenditures are expected to decline to around 8 per cent of GDP by 2012-13 largely reflecting the ongoing effects of the GFC.
- The largest tax expenditures in the 2009 TES are for owner-occupied housing.
  - The tax concessions for superannuation account for the next largest group of tax expenditures. The size of the superannuation tax concessions fell significantly in 2008-09, reflecting the impact of the GFC on contributions and fund earnings.

In addition, the 2009 TES provides analysis of revenue gain estimates for several of the largest tax expenditures.[1]

- These estimates show that revenue gain estimates are typically smaller than the revenue forgone estimates and, in some instances, there can be significant differences in the two estimates.

Other significant changes to the TES reported in this edition include:

- the inclusion of a new benchmark for externalities which reports tax expenditures associated with the Carbon Pollution Reduction Scheme from 2011-12; and
- revisions to the estimates of the fringe benefits tax concession for cars following new data and research.

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1 Ranked according to the revenue forgone estimates.