

TAX EXPENDITURES STATEMENT
2012

JANUARY 2013

© Commonwealth of Australia 2013

ISBN 978-0-642-74878-2

This publication is available for your use under a Creative Commons Attribution 3.0 Australia licence, with the exception of the Commonwealth Coat of Arms, the Treasury logo, photographs, images, signatures and where otherwise. The full licence terms are available from <http://creativecommons.org/licenses/by/3.0/au/legalcode>.



Use of Treasury material under a Creative Commons Attribution 3.0 Australia licence requires you to attribute the work (but not in any way that suggests that the Treasury endorses you or your use of the work).

Treasury material used 'as supplied'

Provided you have not modified or transformed Treasury material in any way including, for example, by changing the Treasury text; calculating percentage changes; graphing or charting data; or deriving new statistics from published Treasury statistics – then Treasury prefers the following attribution:

Source: The Australian Government the Treasury

Derivative material

If you have modified or transformed Treasury material, or derived new material from those of the Treasury in any way, then Treasury prefers the following attribution:

Based on The Australian Government the Treasury data

Use of the Coat of Arms

The terms under which the Coat of Arms can be used are set out on the It's an Honour website (see www.itsanhonour.gov.au)

Other Uses

Inquiries regarding this licence and any other use of this document are welcome at:

Manager
Communications
The Treasury
Langton Crescent Parkes ACT 2600
Email: medialiaison@treasury.gov.au

A copy of this document and other Treasury information appears on the Treasury Website. The Treasury Website address is: <http://www.treasury.gov.au>.

Printed by Blue Star Canberra

CONTENTS

HIGHLIGHTS	VII
CHAPTER 1: OVERVIEW	1
1.1 Introduction.....	1
1.2 Coverage of this statement	2
1.3 Trends in tax expenditure estimates	2
1.4 Period covered by these estimates	12
CHAPTER 2: THE TAX EXPENDITURE FRAMEWORK.....	13
2.1 What is a tax expenditure?.....	13
2.2 Why report tax expenditures?	14
2.3 Approaches to measuring tax expenditures.....	16
2.4 Treasury's approach to estimating tax expenditures	16
2.5 Interpreting the estimates of tax expenditures	19
2.6 Issues surrounding interpretation of tax expenditure estimates	19
2.7 Tax expenditure benchmarks.....	21
CHAPTER 3: TAX EXPENDITURES.....	23
3.1 Introduction.....	23
3.2 Notes on the estimates.....	23
3.3 Benchmarks used in the TES estimates	23
3.4 Summary of tax expenditures by benchmark.....	24
3.5 Guide to tax expenditure descriptions.....	27
3.6 Income tax benchmark	31
3.7 Indirect taxes benchmark	173
CHAPTER 4: REVENUE GAIN ESTIMATES OF TAX EXPENDITURES	209
4.1 Introduction.....	209
4.2 Standard assumptions for the revenue gain estimates.....	210
4.3 Guide to revenue gain estimate descriptions.....	211
4.4 Tax expenditures based on revenue gain approach.....	212

APPENDIX A: TAX EXPENDITURE BENCHMARKS AND METHODOLOGIES.....	215
A.1 Benchmarks	215
A.2 Expenditures related to taxes on income	216
A.3 Indirect taxes	222
A.4 Modelling tax expenditures	234
A.5 Notes on the methodology used to estimate certain tax expenditures.....	235
APPENDIX B: CHANGES TO TAX EXPENDITURES IN 2012	237
B.1 New tax expenditures.....	237
B.2 Modified tax expenditures	239
B.3 Deleted tax expenditures	243
GLOSSARY.....	245
INDEX	247

LIST OF TABLES

Table 1.1: Total measured tax expenditures.....	4
Table 1.2: Measured tax expenditures by benchmark.....	5
Table 1.3: Large measured tax expenditures in 2012-13	7
Table 1.4: Aggregate tax expenditures by function.....	9
Table 1.5: Aggregate tax expenditures and direct expenditures by function in 2011-12.....	11
Table 3.1: Reliability of quantified tax expenditures.....	31
Table B.1: New tax expenditures	237
Table B.2: Modified tax expenditures.....	239
Table B.3: Deleted tax expenditures.....	243

