

HIGHLIGHTS

The 2012 Tax Expenditures Statement (TES) provides details for 363 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 2012-13*.

Highlights from this year's TES include:

- Total tax expenditures are estimated at around \$111 billion in 2011-12, or around 7.6 per cent of GDP. This has decreased from \$115 billion in 2010-11 (around 8.2 per cent of GDP).
- The largest tax expenditures in the 2012 TES are for superannuation and owner-occupied housing, followed by tax concessions related to the goods and services tax.
- Nine new and 31 modified tax expenditures have been recognised as a result of policy measures reported in either the 2012-13 Budget or the 2012-13 Mid-Year Economic and Fiscal Outlook.
 - In addition, 10 previously existing tax expenditures have been deleted. The majority of these no longer have an impact over the reported time horizon, while the remainder are due to the Government's decision not to proceed with certain announced but not enacted policies.

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

- updating the carbon price benchmark for the Australian Carbon Pricing Mechanism being linked with European Union emissions trading scheme;
- the reporting of a new loss carry-back tax expenditure; and
- the impact of Government reforms on existing tax expenditures, such as the Education Tax Refund (A17) being replaced by the Schoolkids Bonus (A29), Superannuation – concessional taxation of employer contributions (C5), and Exemptions for employees living away from home (D46).

