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§ 22

TEIS ON A PAGE

§ 22

LARGEST EXPENDITURES/DEDUCTIONS – ALIGNED WITH DISTRIBUTIONAL ANALYSIS

#	Tax Expenditure	Revenue forgone (\$b, 24-25)
5	Capital gains discount - only 50% of capital gains are taxed for individuals and trusts	22.7

§ 22

KEY DISTRIBUTIONAL FACTS

	Revenue reduction (24-25, \$b)	No of people (21-22)	Share of benefits going to top 10% (%)
Capital gains discount - only 50% of capital gains are taxed for individuals and trusts	22.7	0.99m	82

§ 22

### Expenditures with large changes from previous publication

The table below contains all expenditure estimates for which the estimated annual expenditure for any given year between 2020-21 and 2027-28 has changed by more than \$400 million from the 2023-24 Tax Expenditures and Insights Statement.

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Code	Title	Driver for changes
[Redacted]		

E15	CGT Discount for individuals and trusts	Stronger outlook for capital gains for the 2023-24 income year.	-
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[Redacted]			
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**FOR ACTION – Release of the Tax Expenditures and Insights Statement**

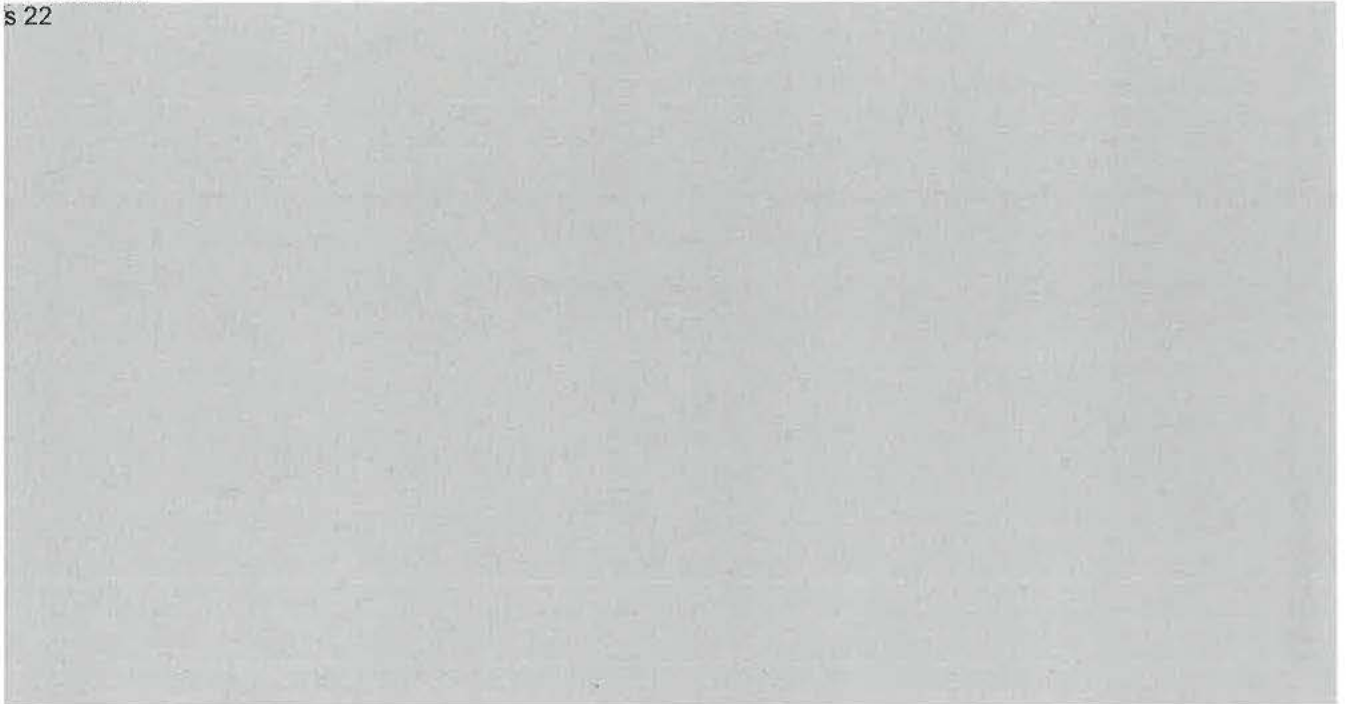
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**TO:** Treasurer - The Hon Jim Chalmers MP

**CC:**

**TIMING**

s 22



## KEY POINTS

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- The purpose of this submission is to seek your agreement to the planned release and tabling of the 2024-25 Tax Expenditures and Insights Statement.

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- **Attachment B** provides a list of expenditures that have varied materially between the 2023-24 TEIS and the forthcoming 2024-25 TEIS.
  - The largest variations are for some of the large expenditures, including s 22 s 22 and CGT discount for individuals and trusts.
  - The main drivers of these revisions are a stronger outlook for wages, capital gains and interest income. The Cost of Living Tax Cuts also a downwards revision to some personal income tax expenditures.

Clearance Officer  
Darren Kennedy  
A/g First Assistant Secretary  
Tax Analysis Division  
12/12/2024

Contact Officer  
s 22  
A/g Director  
Tax Analysis Division  
Ph: s 22

## CONSULTATION

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s 22

## ATTACHMENTS

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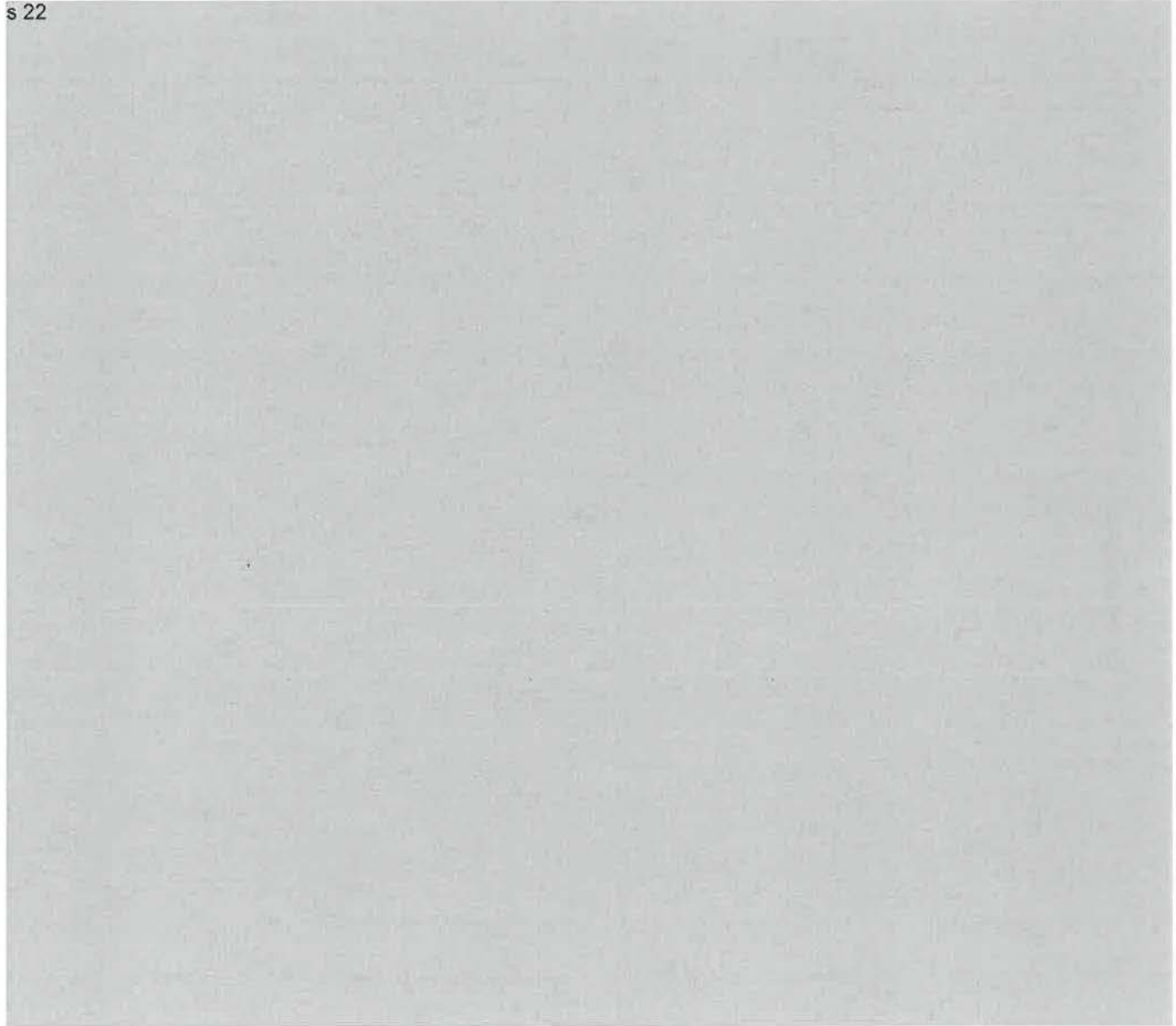
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B: Expenditures with large changes from previous publication  
s 22

### Expenditures with large changes from previous publication

The following tables contain estimates for all tax expenditures which have been revised by more than \$400 million in any year between 2020-21 and 2027-28 from the estimate in the 2023-24 Tax Expenditures and Insights Statement.

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### E15 Discount for individuals and trusts

Stronger outlook for capital gains for the 2023-24 income year. Downward revisions to 2022-23 reflect lower than expected capital gains for late lodgers from 2021-22.

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
2023-24 TEIS	9,260	15,590	25,250	19,050	15,500	14,650	15,200	15,860
2024-25 TEIS	9,270	15,590	23,460	19,000	22,730	14,310	15,490	16,520
Change	10	0	-1,790	-50	7,230	-340	290	660

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Revenue Impact Model

Author	Version	Version Date	Comments/changes made
s 22	2023.1	9-Nov-23	Updated base data and assumptions

Data  
extracted on 7 November 2023

§ 22

		2019-20	2020-21	2021-22
<b>JND</b>		<b>§ 22</b>		
Count	No.			
15-yr exemption amt	\$m	1,710	2,060	3,777
Original tax payable	\$m	42	77	98
Recalculated tax payable	\$m	412	684	938
Exempt capital gains amount	\$m	370	587	840

§ 22

<b>TRT</b>		<b>§ 22</b>		
Count	No.			
15-yr exemption amt	\$m	441	706	1,036

§ 22

<b>Labels</b>		<b>2021</b>	
<b>§ 22</b>			
<b>TRT</b>		706	
N		648	
Y		52	7%
<b>JND</b>		2,688	
N		2,383	
Y		307	11%

§ 22

Assumptions

Adjustment to remove double counting from trust base

20%

Companies  
Individuals  
Trusts

	Lates	Growth co's
Individuals	11%	0%
Trusts	7%	0%

Company tax rate

s 22

Marginal tax rate

2019-20	2020-21	2021-22	2022-23+
21.0%	21.0%	22.2%	21.2%

Timing - on assessment

100%

CGT discount

Model: Exemption for small business assets held for more than 15 years

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
<b>s 22</b>									
<b>s 22</b>									
Inv. in value (incl CGT discount)									
Growth Rate	0%								
Total value									
Growth Rate	0%								
Tax value									
<b>s 22</b>									

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
370	350	350	350	350	350	350	350	350	350
363	350	350	350	350	350	350	350	350	350
375	350	350	350	350	350	350	350	350	350
75	122	198	134	134	134	134	134	134	134

## Reliability of quantified TEIS

### 1. DATA

Consider

- a. **the quality of the data.** Most ATO tax return data is of high quality whereas some labels from other sources may be less reliable. e.g. labels on the payment summary where the income is exempt.
- b. **detail of the data.** Is the data well suited to the purpose it is being used? e.g. some external aggregated data may not exactly match our modelling requirements.
- c. **frequency of the data.** How old is the data that is being used?

### 2. ASSUMPTIONS

Consider

- a. **the reliance on assumptions in the modelling.** Is there a heavy reliance on assumptions?
- b. **are the calculations sensitive to the assumptions?**

### 3. FUTURE TAXPAYER BEHAVIOUR

Consider

- a. **the volatility in the growth rates over time.** Is it hard to determine a growth rate for the out year?
- b. **is there any legislative change likely to impact on taxpayer behaviour?**
- c. **how long has the concession been available?** Are takeup rates still changing? Is it too early to determine a long term growth rate?

## The reliability rating for this TEIS is

Reliability rating scale

- 0 Very low
- 1 Low
- 2 Low
- 3 Low
- 4 Medium-low
- 5 Medium
- 6 Medium
- 7 Medium
- 8 Medium-high
- 9 High

<b>Medium</b>	<i>drop down</i>
er data	
regate data	
<b>Medium</b>	<i>drop down</i>
<b>Very low</b>	<i>drop down</i>
s?	
etermine a	

**Medium-low**

~~OFFICIAL - Sensitive~~  
Control

Revenue Impact Model

Author	Version	Version Date	Comments/changes made
s 22	1	21/06/2024	Updated for TEIS 2024
s 22	2	27/06/2024	Changes rates to be based on counts rather than amounts

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Source Data

Data Summary

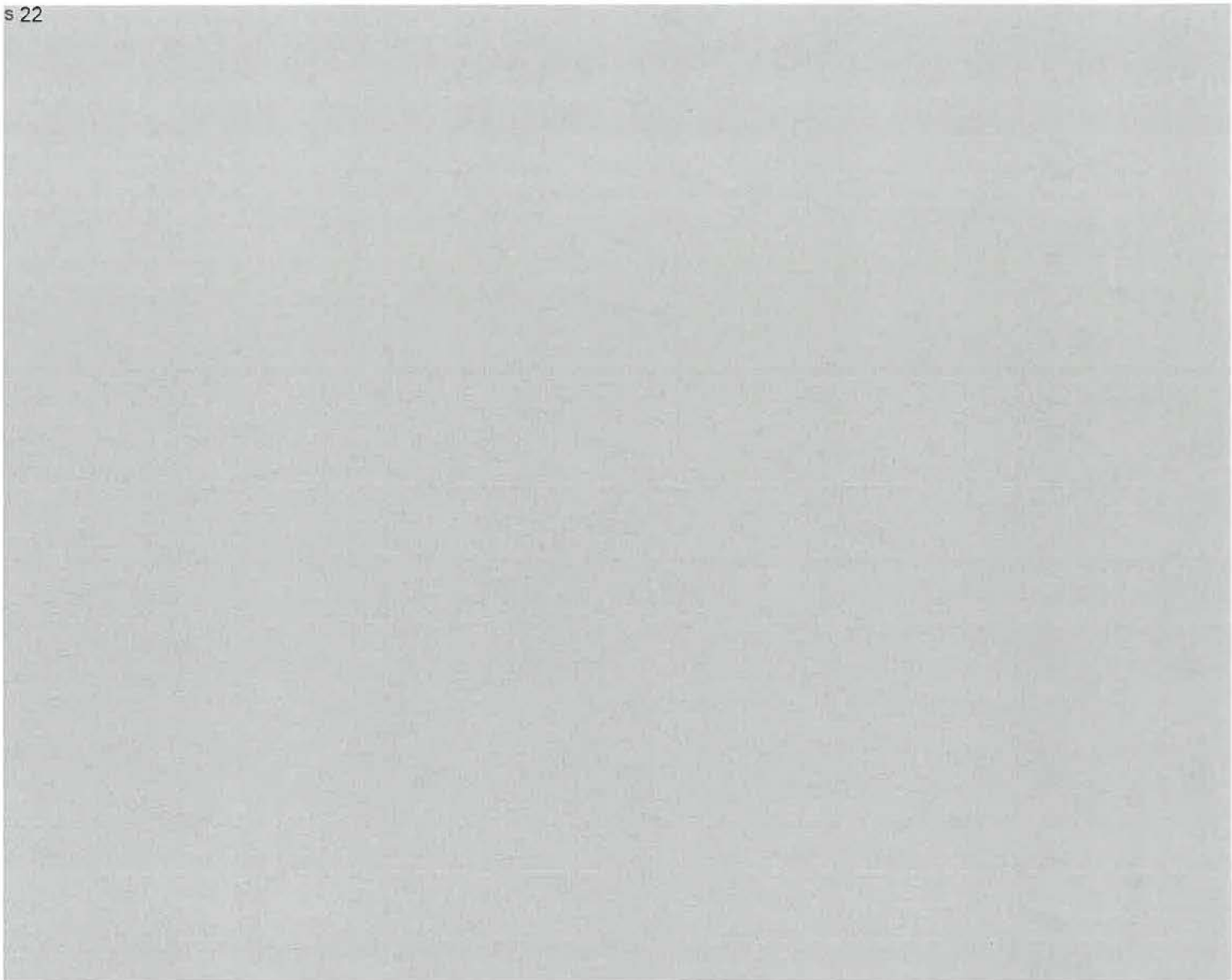
	DateExtracted	incm_yr	entity_type	Client_Count	ScripforScrip_Amt
1	27/06/2024	2021	TRT	s 22	1,753,546,929.00
s 22					
3	27/06/2024	2021	IND		90,652.00
s 22					
5	27/06/2024	2022	TRT	s 22	2,418,190,289.00
s 22					
8	27/06/2024	2023	TRT	s 22	701,926,546.00
s 22					

	DateExtracted	incm_yr	entity_type	lates	Client_Count
1	27/06/2024	2022	TRT	a.Before 27/06/2023	319
2	27/06/2024	2022	TRT	b.After 27/06/2023	113
s 22					
				Lates (all) %	s 22
				Lates (I&T) %	35%

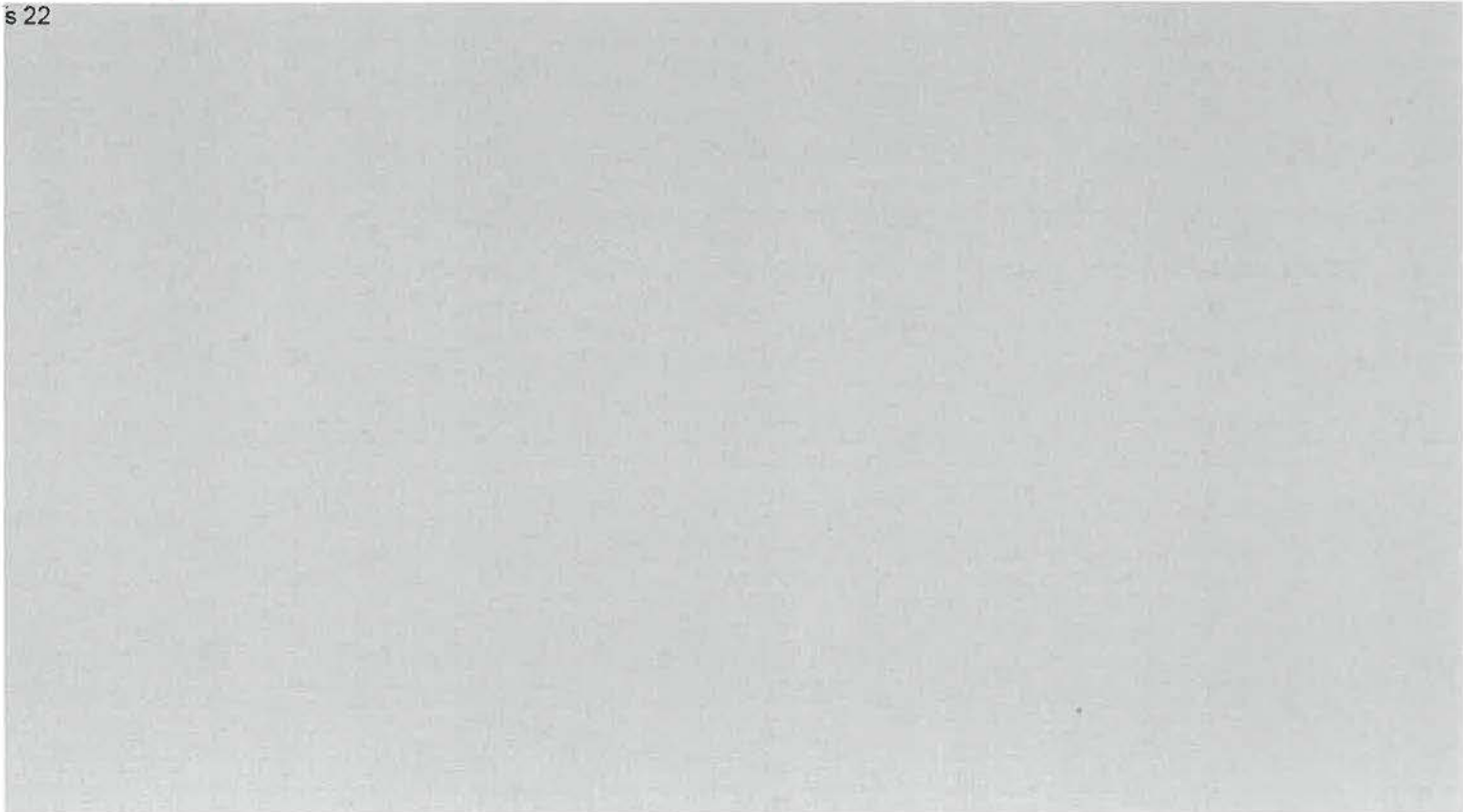
**NOTE:** we are trialling using the counts as the basis of th  
\*Check the TES 2024 Email and Research Folder for wor

Data Summary

	DateExtracted	incm_yr	entity_type	Client_Count	ScripforScrip_Amt
1	30/08/2023	2020	TRT	s 22	1,122,460,639.00
s 22					



ie lates rate due to the overestimation of the TEIS in recent years  
*king*



## Capital gains tax scrip-for-scrip roll-over relief

### Assumptions

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Growth Rate	0%	<i>Growth rate not used, volatile TES</i>
Lates (individuals & trusts)	35.4%	
No of people receiving 50% discount	100%	<i>* This TES taxes the capital gains</i>
Clawback (yrs)	10	
Timing on assessment	100%	
Discount for Individuals & Trusts	50%	
AMTR Individuals & Trusts	35%	

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### Estimate of Tax Expenditure (\$m)

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Individuals & Trusts - Scrip for Scrip rollover  
Discount for Individuals & Trusts

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### Value of concession (\$m)

s 22

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*For input to CGT Discount for individuals and Trusts*

**Estimate of Tax Expenditure (\$m)**

s 22

**Value of Concession**

**Clawback - Individuals & Trusts**

**Profile**

Year 1	10%
Year 2	10%
Year 3	10%
Year 4	10%
Year 5	10%
Year 6	10%
Year 7	10%
Year 8	10%
Year 9	10%
Year 10	10%

**(← Hidden cells) Capital Gains**

- 2013-14
- 2014-15
- 2015-16
- 2016-17
- 2017-18
- 2018-19
- 2019-20
- 2020-21
- 2021-22
- 2022-23
- 2023-24
- 2024-25
- 2025-26
- 2026-27
- 2027-28
- 2028-29

Total capital gains  
Value of clawback

**Income year (rounded \$1 million)**

**Budget year (rounded \$1 million)**

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[Redacted]

s 22

[Redacted]

is unquantifiable in out years

at 100%, with a component for the CGT discount being removed. This is consistent with the benchmark

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[Redacted]

2016-17 2017-18 2018-19 2019-20 2020-21 2021-22 2022-23 2023-24 2024-25

*Includes lates*

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			1,122	1,754	2,418	951	951	951
			561	877	1,209	475	475	475

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2016-17 2017-18 2018-19 2019-20 2020-21 2021-22 2022-23 2023-24 2024-25

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[Redacted]

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	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	196	307	423	166	166	166

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12	12	12	12		
18	18	18	18	18	
11	11	11	11	11	11
29	29	29	29	29	29
24	24	24	24	24	24
23	23	23	23	23	23
20	20	20	20	20	20
	31	31	31	31	31
		42	42	42	42
			17	17	17
				17	17
					17

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156	179	213	227	232	230
156	179	213	227	232	230

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40	128	210	-61	-65	-64
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[Redacted]

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[Redacted]

s 22

[Redacted]

**2025-26    2026-27    2027-28    2028-29**

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[Redacted]

951	951	951	951
475	475	475	475

[Redacted]

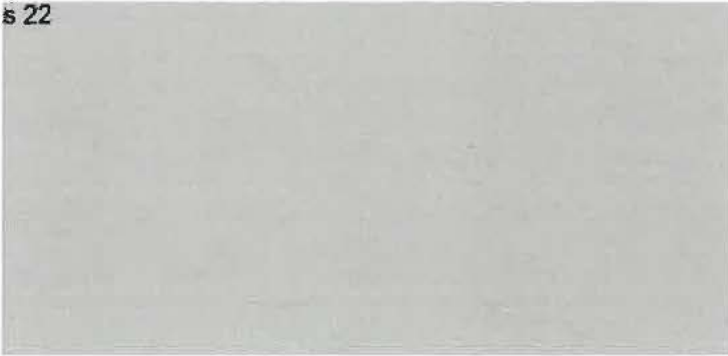
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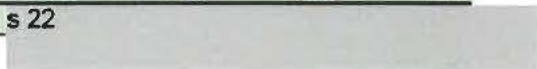


2025-26	2026-27	2027-28	2028-29
166	166	166	166

29			
24	24		
23	23	23	
20	20	20	20
31	31	31	31
42	42	42	42
17	17	17	17
17	17	17	17
17	17	17	17
17	17	17	17
	17	17	17
		17	17
			17
236	223	216	209
236	223	216	209

-69	-57	-49	-43
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- 9 High

**Medium** *drop down*

er data

regate data

**Low** *drop down*

**Very low** *drop down*

s?

etermine a

**Low**

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Revenue Impact Model

Author	Version	Version Date	Comments/changes made
s 22	1	11/10/2024	Updated for TES24, checked growth rates

s 22

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Source Data

**Data Summary**  
2024 data extracted 04/10/2024

**Main data**

	DateExtracted	Form_Yr	Count_Individuals
3	4/10/2024		2,022
4	4/10/2024		2,023
5	4/10/2024		2,024

**Lates**

	DateExtracted	Form_Yr	ProcessingPeriod2020
1	4/10/2024		2,022 a. Before 04/10/2022
2	4/10/2024		2,022 b. 04/10/2022 to 04/10/2023
3	4/10/2024		2,022 c. After 04/10/2023

**Capital gains schedule**

	DateExtracted	Form_Yr	Count(*)
3	4/10/2024		2,022
4	4/10/2024		2,023
5	4/10/2024		2,024

**Current Year data early point in time comparisons**

	DateExtracted	Form_Yr	Count_Individuals
1	4/10/2024		2,023
2	4/10/2024		2,024

Excluding the outliers from 2023 data in the growth rate calc  
2023 total minus the outliers

Estimating 2024 full year data with outlier adjusted 23 percentage

**Current year all lodgments point in time comparison**

	DateExtracted	Form_Yr	point_in_time_total_lodgments
1	4/10/2024		2,023
2	4/10/2024		2,024

**Data Summary**  
2023 data extracted 04/10/2023

**Main data**

	DateExtracted	Form_Yr	Count_Individuals
1	4/12/2023		2,019
2	4/12/2023		2,020
3	4/12/2023		2,021
4	4/12/2023		2,022
5	4/12/2023		2,023

**Lates**

	DateExtracted	Form_Yr	ProcessingPeriod2020
1	4/12/2023		2,021 a. Before 04/12/2021
2	4/12/2023		2,021 b. 04/12/2020 to 04/12/2022
3	4/12/2023		2,021 c. After 04/12/2022

**Capital gains schedule**

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Source Data

	DateExtracted	Form_Yr	Count(*)
1	4/12/2023		2,019
	DateExtracted	Form_Yr	Count(*)
1	4/12/2023		2,020
2	4/12/2023		2,021
3	4/12/2023		2,022
4	4/12/2023		2,023

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Current Year data early point in time comparisons

	DateExtracted	Form_Yr	Count_Individuals
1	4/12/2023		2,022
2	4/12/2023		2,023

Excluding the outliers from 2023 data in the growth rate calc

Estimating 2023 full year data

Estimating 2023 full year data with the outliers

Current year all lodgments point in time comparison

	DateExtracted	Form_Yr	point_in_time_total lodgments
1	4/12/2023		2,022
2	4/12/2023		2,023

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Data Summary

2022 data extracted 19/10/2022

Main data

	DateExtracted	Form_Yr	Count_Individuals
1	19/10/2022		2,018
2	19/10/2022		2,019
3	19/10/2022		2,020
4	19/10/2022		2,021
5	19/10/2022		2,022

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Lates

	DateExtracted	Form_Yr	ProcessingPeriod2019
1	19/10/2022		2,020 a. Before 19/10/2020
2	19/10/2022		2,020 b. 16/12/2019 to 19/10/2021
3	19/10/2022		2,020 c. After 19/10/2021

Capital gains schedule

	DateExtracted	Form_Yr	Count(*)
1	3/11/2022		2,018
2	3/11/2022		2,019
1	3/11/2022		2,020
2	3/11/2022		2,021
3	3/11/2022		2,022

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Source Data

NetCapitalGains_Amt	OriginalGrossTax	NewGrossTax	AMTR
54,118,615,630.00	61,256,429,887.58	85,243,624,168.15	44.3%
37,263,635,820.00	46,682,261,199.83	63,215,993,696.28	44.4%

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Count_Individuals	NetCapitalGains_Amt
s 22	3,889,311,286.00
	42,410,902,148.00
	7,818,402,196.00
	16.9%

NetCapitalGainsDiscou	NetCapitalGains_Amt	CG_totl_amt	Loss_Apld_Amt
46,896,421,271	s 22		
33,740,507,384			

s 22

NetCapitalGains_Amt	point_in_time_Net_CG	point_in_time_Net_CG
37,263,635,820	s 22	2,737,308,769.00
3,503,513,252		s 22
2,691,636,902		
34,571,998,918		

7.9% excluding outliers in point in time share of fin  
2023 outliers processed after point in time

44,249,102,523

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NetCapitalGains_Amt	OriginalGrossTax	NewGrossTax	AMTR
38,042,078,678.00	46,358,845,681.56	62,974,040,142.01	43.7%

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Source Data

s 22 [Redacted]

NetCapitalGainsDiscou	NetCapitalGains Amt	CG totl amt	Loss Apld Amt
s 22	30,528,102,596	s 22	
s 22			

s 22 [Redacted]

[Redacted]

NetCapitalGains_Amt	OriginalGrossTax	NewGrossTax	AMTR
s 22			
22,118,009,593.00	31,082,438,872.65	40,728,271,276.15	43.6%
s 22			

s 22 [Redacted]

NetCapitalGainsDiscou	NetCapitalGains Amt	CG totl amt	Loss Apld Amt
s 22			
18,621,153,931	s 22		
s 22			

s 22 [Redacted]

Source Data

[Redacted]

data for 2020 & 2021 removed

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[Redacted]

CG_before_Disc	Total Discounted	% of CG related to discount	
101,434,384,207	93,792,842,542	92.47%	data for 2020 and 2021 removed
71,741,260,317	67,481,014,768	94.06%	

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[Redacted]

including outliers

al amt

[Redacted]

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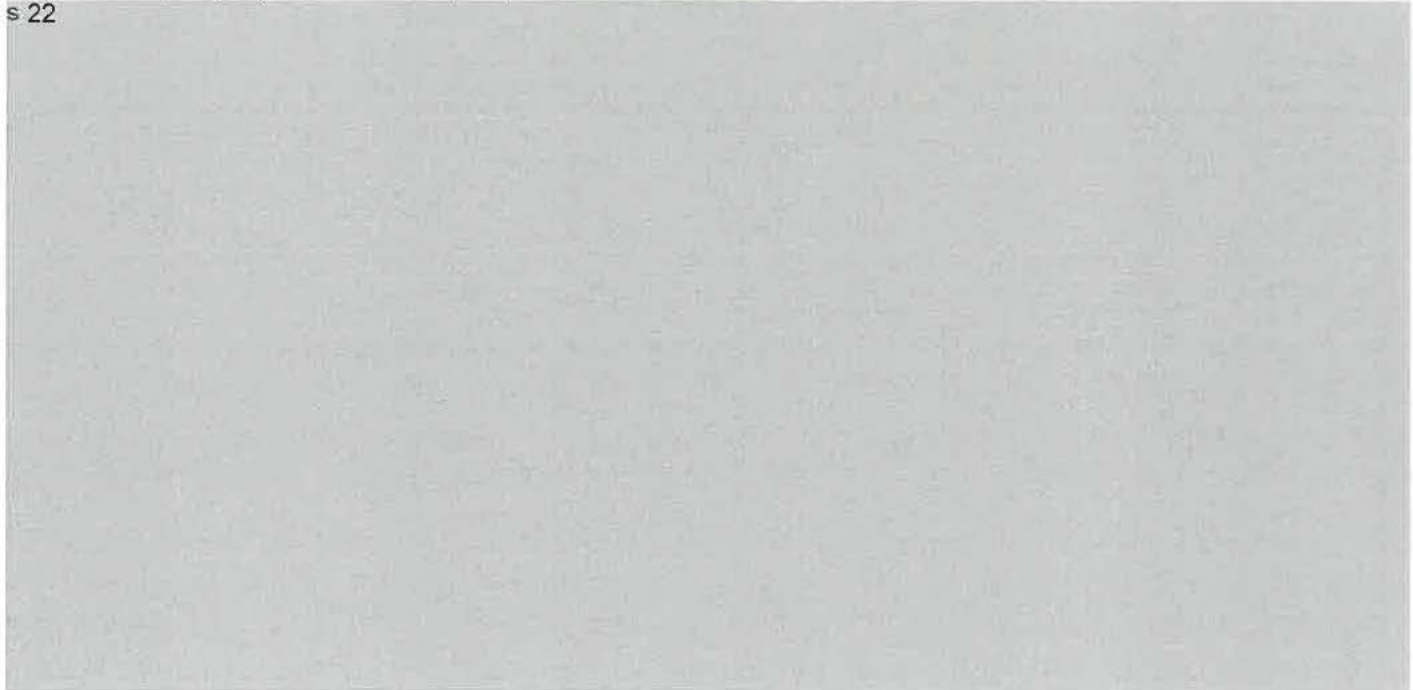
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68,770,299,221      61,056,205,192      88.78%

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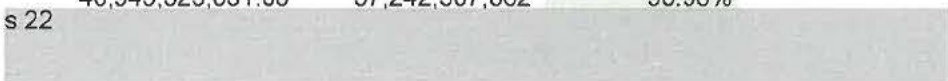
CG\_before\_Disc      Total Discounted      % of CG related to discount

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40,945,325,031.00      37,242,307,862      90.96%

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## Capital gains tax discount for individuals and trusts

### Assumptions

Growth (net capital gains)

Average marginal tax rate

Proportion of discount method from Net Capital Gains on CGT schedule

Lates rate

16.9%

Timing in-year

0%

### Model

Net capital gains

Amount claimed through individual tax returns (net capital gains)

Cost of discount

Cost to revenue

Adjustment for other TaBs

TaB C12 - SB 15 year exemption (2023 TES values)

TeIS E31 - scrip for scrip rollover

Income year \$m

Budget year \$m

plus Budget measure

TES (\$m) (rounded)

Model

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2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
2.9%	72.0%	42.3%	-20.4%	20.0%	-34.2%	7.8%
43.6%	43.7%	44.3%	44.4%	44.9%	41.9%	42.3%
91.0%	88.8%	92.5%	94.1%	94.1%	94.1%	94.1%

2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
<b>With Lates</b>						
22,118	38,042	54,119	43,102	51,721	34,039	36,678
20,118	33,775	50,042	40,542	48,650	32,018	34,500
8,773	14,751	22,180	17,988	21,838	13,426	14,604
452	712	1,069	1,074	953	953	953
40	128	210	-61	-65	-64	-69
9,265	15,592	23,460	19,001	22,725	14,315	15,488
9,244	9,265	15,592	23,460	19,001	22,725	14,315
9,240	9,270	15,590	23,460	19,000	22,730	14,310

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2026-27	2027-28
5.9%	7.4%
42.8%	43.2%
94.1%	94.1%
2026-27	2027-28
38,835	41,725
36,529	39,247
15,619	16,956
953	953
-57	-49
16,515	17,859
15,488	16,515
15,490	16,520

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TES 2024 Estimates

**TEIS 2024 Amounts**

The following table shows TEIS 2024 figures:

	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m	2024-25 \$m	2025-26 \$m	2026-27 \$m
<b>TEIS 2024 Amounts</b>	9,270	15,590	23,460	19,000	22,730	14,310	15,490

**Variation from previous TEIS**

The following table shows TEIS 2023 figures:

	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m	2024-25 \$m	2025-26 \$m	2026-27 \$m
<b>TEIS 2023</b>	9,260	15,590	25,250	19,050	15,500	14,650	15,200
	10	0	-1,790	-50	7,230	-340	290

	s 22
2027-28	
\$m	
16,520	

## Reliability of quantified TaB

### 1. DATA

Consider

- a. **the quality of the data.** Most ATO tax return data is of high quality whereas some labels from other sources may be less reliable. e.g. labels on the payment summary where the income is exempt.
- b. **detail of the data.** Is the data well suited to the purpose it is being used? e.g. some external aggregates may not exactly match our modelling requirements.
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### 2. ASSUMPTIONS

Consider

- a. **the reliance on assumptions in the modelling.** Is there a heavy reliance on assumptions?
- b. **are the calculations sensitive to the assumptions?**

### 3. FUTURE TAXPAYER BEHAVIOUR

Consider

- a. **the volatility in the growth rates over time.** Is it hard to determine a growth rate for the out year?
- b. **is there any legislative change likely to impact on taxpayer behaviour?**
- c. **how long has the concession been available?** Are takeup rates still changing? Is it too early to determine long term growth rate?

## The reliability rating for this TaB is

Reliability rating scale

- 0 Very low
- 1 Low
- 2 Low
- 3 Low
- 4 Medium-low
- 5 Medium
- 6 Medium
- 7 Medium
- 8 Medium-high
- 9 High

Reliability

High *drop down*

ier data

regate data

Low *drop down*

Very low *drop down*

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etermine a

**Medium-low**

**TAX EXPENDITURE AND INSIGHTS STATEMENT (TES) 2024**  
**NAME OF TES: Capital gains tax discount for individuals and trusts**  
**E15 in TES 2023**

TES Type: Exemption  
Legislative Reference: Division 115 of the *Income Tax Assessment Act 1997*  
Commencement Date: 15 September 1999  
Expiry Date:

**Modelling Method**

- Revenue forgone approach

**Supplementary Revenue Gain Estimate required**

- No

**Benchmark**

Capital gains tax

**Brief Description/Background**

A capital gains tax (CGT) exemption applies to 50 per cent of any nominal capital gain made by a resident individual or trust where the asset has been owned for at least 12 months. For assets acquired before 21 September 1999 and held for at least one year, an individual or trust may instead choose to be taxed on the difference between the disposal price and the indexed cost base frozen as at 30 September 1999.

**TES Amounts**

s 22

	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m	2024-25 \$m	2025-26 \$m	2026-27 \$m	2027-28 \$m
TES 2024	9,260	15,590	23,520	18,880	22,540	21,490	22,310	23,460
TES 2023	9,260	15,590	25,250	19,050	15,500	14,650	15,200	

**Variation Analysis**

**A Reasons for variation**

- Updated data and growth rates (2021-22 data lower than forecast, 2023-24 data suggests growth larger than forecast)
- Growth rates higher than prior year.

**Data**

- Individual tax return data 2021-22 to 2023-24
- CGT Schedule data 2021-22 to 2023-24
- TES C12 - Exemption for small business assets held for more than 15 years (TES 2023)
- TES E31 - Scrip-for-scrip roll-over

**Methodology and Assumptions**

**Methodology**

- The net capital gain (NCG) amount (label 18A) was extracted from the individual tax return.
- An estimate of the full year data for 2023-24 is done using point in time data and adjusted to account for outliers

- An assumed proportion was applied to label 18A to estimate the amount of NCG for the discount method (and the value of the discount). An average MTR was applied.
- Estimates of the small business 15 year exemption for trusts and individuals and capital gain scrip-for-scrip rollover relief were added to the NCG cost to revenue amount to provide realistic estimates of the value of benefits that individuals and trusts receive from the CGT concessions (Note: The CGT concessions have been reduced by 50% in their respective TESs to account for the fact that if those concessions were not in place, the 50% concession would apply).

**Assumptions:**

Lates: 16.9%  
 Timing in year: 0%  
 Individuals Marginal Tax Rates

2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
43.7%	44.3%	44.4%	44.9%	41.9%	42.3%	42.8%	43.2%

s 22

s 22

**Reliability**

(Please view clarification of each category at *Reliability of estimates - Table 4.1.doc*).

**Reliability rating:**

Very low	Low	Low-Medium	Medium	Medium-High	High
		x			

Using the ANAO recommendations in the *Preparation of the Tax Expenditures Statement – Performance Audit Report No.32 2007-08*.

**Actions for TES 2025**

- Obtain updated estimates from TES C12 and TES E31
- Obtain growth rates for net capital gains from Individual Analysis team
- Check given growth rates against actual growth rates from previous years

**Version Control**

Author	Version	Version Date	Comments/changes made
s 22	1	11/10/2024	Updated for TES 2024, Assessed growth rates

**Sign Off**

Policy officer's name	
EL1 name (if routine)	
EL1 signature	
Date	
EL2 name (all others)	s 22 [REDACTED]
EL2 signature	
Date	17/10/24

OFFICIAL  
Control

Revenue Impact Model

Author	Version	Version Date	Comments/changes made
s 22	2024.1	18-Oct-24	Updated base data and assumptions

Data  
extracted on 18 October 2024

s 22

		2019-20	2020-21	2021-22	2022-23
IND		s 22			
Count	No.				
15-yr exemption amt	\$m	1,731	2,713	3,989	3,625
Original tax payable	\$m	44	78	102	97
Recalculated tax payable	\$m	418	670	988	907
Exempt capital gains amount	\$m	375	592	886	810

s 22

s 22

		2019-20	2020-21	2021-22	2022-23
IRT		s 22			
Count	No.				
15-yr exemption amt	\$m	443	692	1,033	1,048

s 22

1

Latest	2023	
s 22		
IRT	1,111	
N	1,041	
Y	69	6%
IND	3,989	
N	3,671	
Y	319	8%

s 22

Assessments

Adjustments to remove double counting from first sale

20%

Corporate

Individuals

Trusts

	2019-20	2020-21	2021-22	2022-23+	2023-24+
Corporate	1%	1%	1%	1%	1%
Individuals	1%	1%	1%	1%	1%
Trusts	1%	1%	1%	1%	1%

Company tax rate

\$ 22

Marginal tax rate

	2019-20	2020-21	2021-22	2022-23+	2023-24+
Marginal tax rate	21.7%	21.8%	22.2%	22.3%	22.3%

Twing - on assessment

100%

CGT discount

Model: Exemption for small business assets held for more than 15 years

	2019-21	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
<b>Inde tax value (incl CGT discount)</b>	592	586	575	552	552	552	552	552	552	552
<b>Growth Rate</b>	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>Truar claims</b>	553	528	511	506	506	506	506	506	506	506
<b>Growth Rate</b>	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>Tax value</b>	121	153	190	147	147	147	147	147	147	147

s 22

## Reliability of quantified TEIS

### 1. DATA

Consider

- a. the quality of the data.** Most ATO tax return data is of high quality whereas some labels from other sources may be less reliable. e.g. labels on the payment summary where the income is exempt.
- b. detail of the data.** Is the data well suited to the purpose it is being used? e.g. some external aggregate may not exactly match our modelling requirements.
- c. frequency of the data.** How old is the data that is being used?

### 2. ASSUMPTIONS

Consider

- a. the reliance on assumptions in the modelling.** Is there a heavy reliance on assumptions?
- b. are the calculations sensitive to the assumptions?**

### 3. FUTURE TAXPAYER BEHAVIOUR

Consider

- a. the volatility in the growth rates over time.** Is it hard to determine a growth rate for the out year?
- b. is there any legislative change likely to impact on taxpayer behaviour?**
- c. how long has the concession been available?** Are takeup rates still changing? Is it too early to determine long term growth rate?

## The reliability rating for this TEIS is

Reliability rating scale

- 0 Very low
- 1 Low
- 2 Low
- 3 Low
- 4 Medium-low
- 5 Medium
- 6 Medium
- 7 Medium
- 8 Medium-high
- 9 High

**Medium** *drop down*

er data

regate data

**Medium** *drop down*

**Very low** *drop down*

's?

etermine a

**Medium-low**

**TAX EXPENDITURE AND INSIGHTS STATEMENT (TES) 2025**  
**NAME OF TES: Capital gains tax discount for individuals and trusts**  
**E15 in TES 2024**

TES Type: Exemption  
Legislative Reference: Division 115 of the *Income Tax Assessment Act 1997*  
Commencement Date: 15 September 1999  
Expiry Date:

**Modelling Method**

- Revenue forgone approach

**Supplementary Revenue Gain Estimate required**

- No

**Benchmark**

Capital gains tax

**Brief Description/Background**

A capital gains tax (CGT) exemption applies to 50 per cent of any nominal capital gain made by a resident individual or trust where the asset has been owned for at least 12 months. For assets acquired before 21 September 1999 and held for at least one year, an individual or trust may instead choose to be taxed on the difference between the disposal price and the indexed cost base frozen as at 30 September 1999.

**TES Amounts**

	2021-22 \$m	2022-23 \$m	2023-24 \$m	2024-25 \$m	2025-26 \$m	2026-27 \$m	2027-28 \$m	2028-29 \$m
TEIS 2025	15,590	23,460	17,430	19,060	20,880	21,680	22,680	23,790
TES 2024	15,590	23,520	18,880	22,540	21,490	22,310	23,460	<sup>s 22</sup>

s 22

**Variation Analysis**

**A Reasons for variation**

- Updated data and growth rates, lates relating to 2022-23 income year didn't end up being as large as expected.

**Data**

- Individual tax return data 2022-23 to 2023-24
- CGT Schedule data 2022-23 to 2024-25
- TES C12 - Exemption for small business assets held for more than 15 years (TES 2024)
- TES E31 - Scrip-for-scrip roll-over (TES 2024)

**Methodology and Assumptions**

**Methodology**

- The net capital gain (NCG) amount (label 18A) was extracted from the individual tax return.
- An estimate of the full year data for 2024-25 is done using point in time data (growth rate adjusted for limited data available to end of Aug)
- An assumed proportion was applied to label 18A to estimate the amount of NCG for the discount method (and the value of the discount). An average MTR was applied.

- Estimates of the small business 15 year exemption for trusts and individuals and capital gain scrip-for-scrip rollover relief were added to the NCG cost to revenue amount to provide realistic estimates of the value of benefits that individuals and trusts receive from the CGT concessions (Note: The CGT concessions have been reduced by 50% in their respective TESs to account for the fact that if those concessions were not in place, the 50% concession would apply). 2024 TES estimates are used this year.

**Assumptions:**

Lates: 16.6%  
 Timing in year: 0%  
 Individuals Marginal Tax Rates

2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
44.3%	44.4%	44.1%	41.4%	41.7%	41.9%	42.2%	42.7%

s 22

**Reliability**

(Please view clarification of each category at [Reliability of estimates - Table 4.1.doc](#)).

Reliability rating:

Very low	Low	Low-Medium	Medium	Medium-High	High
		x			

Using the ANAO recommendations in the *Preparation of the Tax Expenditures Statement – Performance Audit Report No.32 2007-08*.

**Actions for TES 2026**

- Obtain updated estimates from TES C12 and TES E31
- Obtain growth rates for net capital gains from Individual Analysis team
- Check given growth rates against actual growth rates from previous years

**Version Control**

Author	Version	Version Date	Comments/changes made
s 22	1	18/08/2025	Updated for TES 2025

**Sign Off**

Policy officer's name	s 22
EL1 name (if routine)	
EL1 signature	
Date	

EL2 name (all others)	s 22
EL2 signature	
Date	28/8/2025

~~OFFICIAL - Sensitive~~  
Control

Revenue Impact Model

Author	Version	Version Date	Comments/changes made
s 22	1	21/06/2024	Updated for TEIS 2024
s 22	2	27/06/2024	Changes rates to be based on counts rather than amounts

~~OFFICIAL - Sensitive~~

Source Data

Data Summary

	DateExtracted	incm_yr	entity_type	Client_Count	ScripforScrip_Amt
s 22	1	27/06/2024	2021 TRT	s 22	1,753,546,929.00
s 22	3	27/06/2024	2021 IND		90,652.00
s 22	5	27/06/2024	2022 TRT	s 22	2,418,190,289.00
s 22	8	27/06/2024	2023 TRT	s 22	701,926,546.00

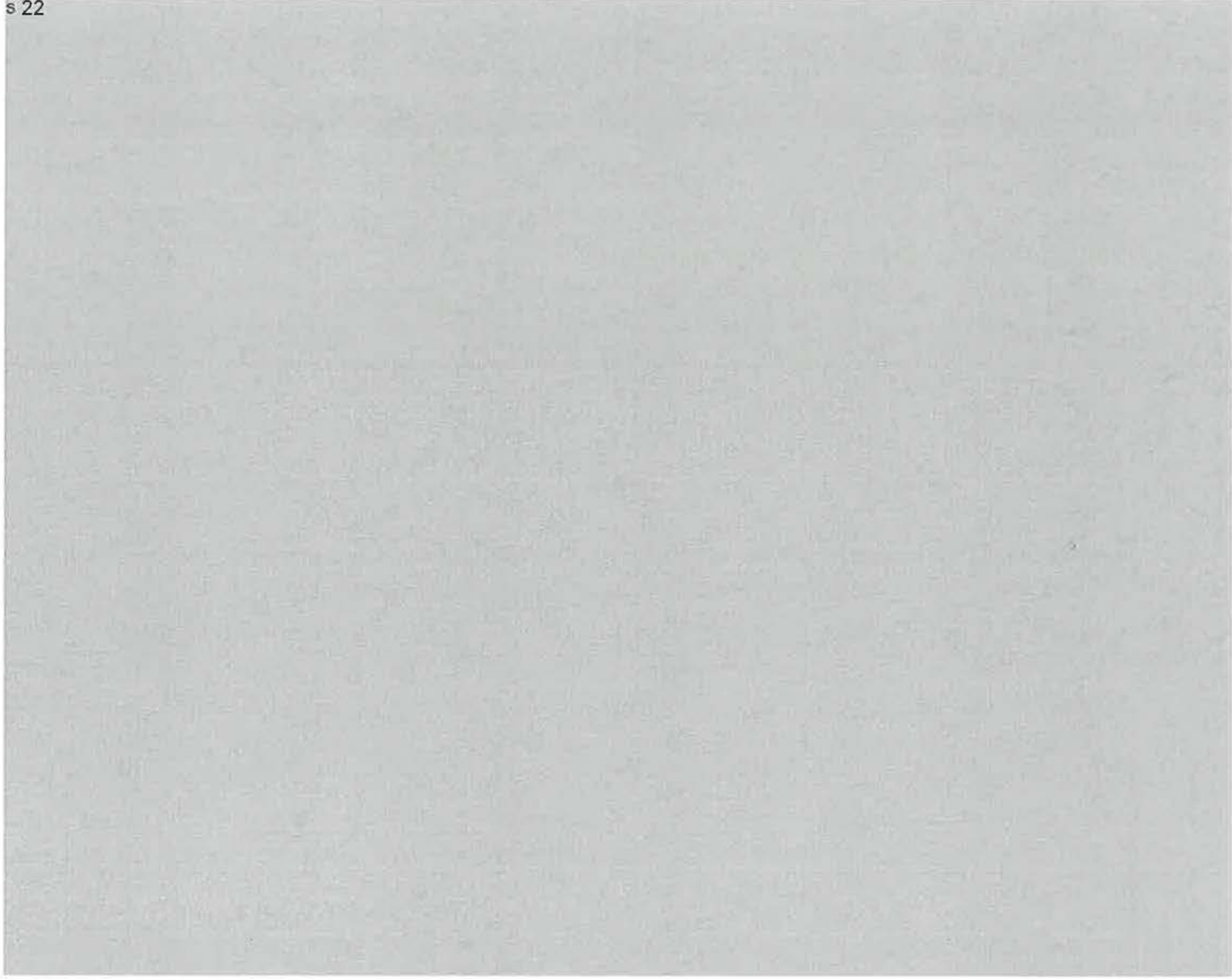
	DateExtracted	incm_yr	entity_type	lates	Client_Count
	1	27/06/2024	2022 TRT	a.Before 27/06/2023	319
	2	27/06/2024	2022 TRT	b.After 27/06/2023	113

Lates (all) % s 22  
Lates (I&T) % 35%

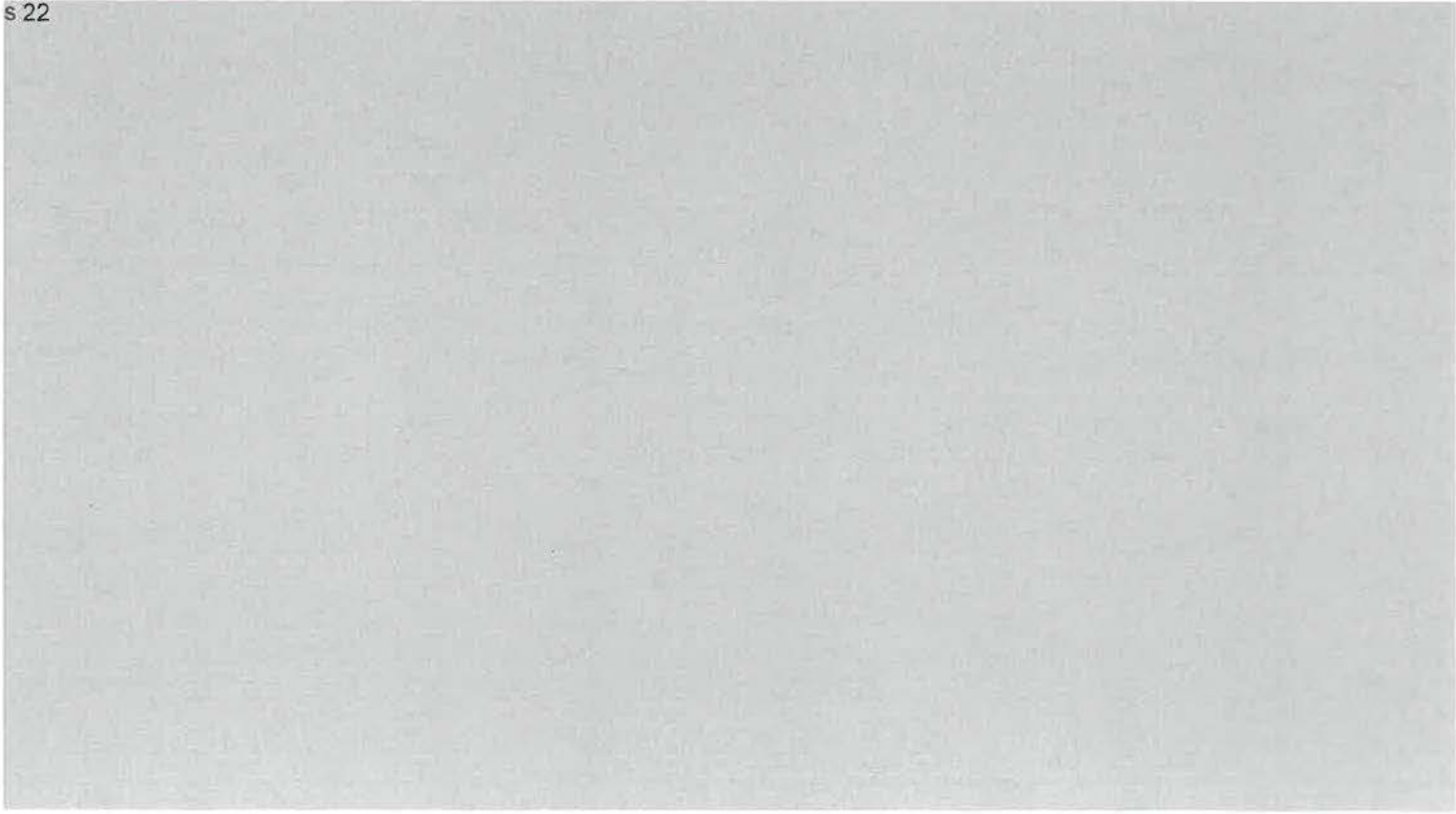
**NOTE:** we are trialling using the counts as the basis of th  
\*Check the TES 2024 Email and Research Folder for wor

Data Summary

	DateExtracted	incm_yr	entity_type	Client_Count	ScripforScrip_Amt
s 22	1	30/08/2023	2020 TRT	209	1,122,460,639.00



ie lates rate due to the overestimation of the TEIS in recent years  
*king*



## Capital gains tax scrip-for-scrip roll-over relief

### Assumptions

s 22

Growth Rate	0%	<i>Growth rate not used, volatile TES</i>
Lates (individuals & trusts)	35.4%	
No of people receiving 50% discount	100%	<i>* This TES taxes the capital gains</i>
Clawback (yrs)	10	
Timing on assessment	100%	
Discount for Individuals & Trusts	50%	
AMTR Individuals & Trusts	35%	
Average marginal tax rate		

s 22

s 22

### Estimate of Tax Expenditure (\$m)

All entities - Scrip for Scrip rollover

Individuals & Trusts - Scrip for Scrip rollover  
*Discount for Individuals & Trusts*

### Value of concession (\$m)

s 22

s 22

Total capital gains

s 22

Value of clawback (\$m)

Income year (rounded)

Budget year (rounded)

*For input to CGT Discount for individuals and Trusts*

Estimate of Tax Expenditure (\$m)

s 22

Value of Concession

s 22

Clawback - Individuals & Trusts

Profile

Year 1	10%
Year 2	10%
Year 3	10%
Year 4	10%
Year 5	10%
Year 6	10%
Year 7	10%
Year 8	10%
Year 9	10%
Year 10	10%

(<-- Hidden cells) Capital Gains

s 22

- 2016-17
- 2017-18
- 2018-19
- 2019-20
- 2020-21
- 2021-22
- 2022-23
- 2023-24
- 2024-25
- 2025-26
- 2026-27
- 2027-28
- 2028-29

s 22

Income year (rounded \$1 million)

s 22

Budget year (rounded \$1 million)

[Redacted]

s 22

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
--	---------	---------	---------	---------	---------	---------

; unquantifiable in out years

at 100%, with a component for the CGT discount being removed. This is consistent with the benchmark

s 22

[Redacted]

s 22

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
--	---------	---------	---------	---------	---------	---------

*Includes lates*

s 22

[Redacted]

s 22

	1,122	1,754	2,418	951	951	951
	561	877	1,209	475	475	475

s 22

[Redacted]

s 22

[Redacted]

s 22



s 22

	2020-21	2021-22	2022-23	2023-24	2024-25
	307	423	166	166	166

s 22



12	12	12		
18	18	18	18	
11	11	11	11	11
29	29	29	29	29
24	24	24	24	24
23	23	23	23	23
20	20	20	20	20
31	31	31	31	31
	42	42	42	42
		17	17	17
			17	17
				17

s 22



179	213	227	232	230
179	213	227	232	230
128	210	-61	-65	-64

s 22

s 22

2025-26	2026-27	2027-28	2028-29
---------	---------	---------	---------

s 22

2025-26	2026-27	2027-28	2028-29
---------	---------	---------	---------

s 22

951	951	951	951
475	475	475	475

223	227	231	234
-----	-----	-----	-----

2025-26	2026-27	2027-28	2028-29
---------	---------	---------	---------

s 22

s 22



s 22

2025-26	2026-27	2027-28	2028-29
166	166	166	166
29			
24	24		
23	23	23	
20	20	20	20
31	31	31	31
42	42	42	42
17	17	17	17
17	17	17	17
17	17	17	17
17	17	17	17
	17	17	17
		17	17
			17
236	223	216	209
236	223	216	209
-69	-57	-49	-43

s 22

## Reliability of quantified TaB

### 1. DATA

Consider

**a. the quality of the data.** Most ATO tax return data is of high quality whereas some labels from other sources may be less reliable. e.g. labels on the payment summary where the income is exempt.

**b. detail of the data.** Is the data well suited to the purpose it is being used? e.g. some external aggregate data may not exactly match our modelling requirements.

**c. frequency of the data.** How old is the data that is being used?

### 2. ASSUMPTIONS

Consider

**a. the reliance on assumptions in the modelling.** Is there a heavy reliance on assumptions?

**b. are the calculations sensitive to the assumptions?**

### 3. FUTURE TAXPAYER BEHAVIOUR

Consider

**a. the volatility in the growth rates over time.** Is it hard to determine a growth rate for the out year?

**b. is there any legislative change likely to impact on taxpayer behaviour?**

**c. how long has the concession been available?** Are takeup rates still changing? Is it too early to determine a long term growth rate?

## The reliability rating for this TaB is

Reliability rating scale

- 0 Very low
- 1 Low
- 2 Low
- 3 Low
- 4 Medium-low
- 5 Medium
- 6 Medium
- 7 Medium
- 8 Medium-high
- 9 High

**Medium** *drop down*

er data

regate data

**Low** *drop down*

**Very low** *drop down*

s?

etermine a

**Low**

~~OFFICIAL: Sensitive~~  
Control

Revenue Impact Model

Author	Version	Version Date	Comments/changes made
s 22	1	18/08/2025	Updated for TES 2025

Source Data

**Data Summary**  
2025 data extracted 18/08/2025

**Main data**

	DateExtracted	Form_Yr	Count_Individuals
3	18/08/2025		2,023
4	18/08/2025		2,024
5	18/08/2025		2,025

**Lates**

	DateExtracted	Form_Yr	ProcessingPeriod2024
1	18/08/2025		2,023 a. Before 18/08/2023
2	18/08/2025		2,023 b. 18/08/2023 to 18/08/2024
3	18/08/2025		2,023 c. After 18/08/2024

**Capital gains schedule**

	DateExtracted	Form_Yr	Count(*)
3	18/08/2025		2,023
4	18/08/2025		2,024
5	18/08/2025		2,025

**Current Year data early point in time comparisons**

	DateExtracted	Form_Yr	Count_Individuals
1	18/08/2025		2,024
2	18/08/2025		2,025

Estimating 2025 full year data

**Current year all lodgments point in time comparison**

	DateExtracted	Form_Yr	point_in_time_total lodgments
1	18/08/2025		2,024
2	18/08/2025		2,025

**Data Summary**  
2024 data extracted 04/10/2024

**Main data**

	DateExtracted	Form_Yr	Count_Individuals
3	4/10/2024		2,022
4	4/10/2024		2,023
5	4/10/2024		2,024

**Lates**

	DateExtracted	Form_Yr	ProcessingPeriod2020
1	4/10/2024		2,022 a. Before 04/10/2022
2	4/10/2024		2,022 b. 04/10/2022 to 04/10/2023
3	4/10/2024		2,022 c. After 04/10/2023

**Capital gains schedule**

	DateExtracted	Form_Yr	Count(*)
3	4/10/2024		2,022

Source Data

4	4/10/2024	2,023
5	4/10/2024	2,024

s 22

Current Year data early point in time comparisons

	DateExtracted	Form_Yr	Count_Individuals
1	4/10/2024		2,023
2	4/10/2024		2,024

Excluding the outliers from 2023 data in the growth rate calc  
2023 total minus the outliers

Estimating 2024 full year data with outlier adjusted 23 percentage

Current year all lodgments point in time comparison

	DateExtracted	Form_Yr	point_in_time_total lodgments
1	4/10/2024		2,023
2	4/10/2024		2,024

s 22

Data Summary

2023 data extracted 04/10/2023

Main data

	DateExtracted	Form_Yr	Count_Individuals
1	4/12/2023		2,019
2	4/12/2023		2,020
3	4/12/2023		2,021
4	4/12/2023		2,022
5	4/12/2023		2,023

Lates

	DateExtracted	Form_Yr	ProcessingPeriod2020
1	4/12/2023		2,021 a. Before 04/12/2021
2	4/12/2023		2,021 b. 04/12/2020 to 04/12/2022
3	4/12/2023		2,021 c. After 04/12/2022

Capital gains schedule

	DateExtracted	Form_Yr	Count(*)
1	4/12/2023		2,019
	DateExtracted	Form_Yr	Count(*)
1	4/12/2023		2,020
2	4/12/2023		2,021
3	4/12/2023		2,022
4	4/12/2023		2,023

s 22

Current Year data early point in time comparisons

	DateExtracted	Form_Yr	Count_Individuals
1	4/12/2023		2,022
2	4/12/2023		2,023

Excluding the outliers from 2023 data in the growth rate calc

Estimating 2023 full year data

Source Data

NetCapitalGains_Amt	OriginalGrossTax	NewGrossTax	AMTR
39,367,560,125.00	49,046,501,359.66	66,512,674,574.97	44.4%
39,191,572,294.00	55,841,289,920.59	73,133,727,859.75	44.1%

s 22

Count_Individuals	NetCapitalGains_Amt
s 22	984,994,979.00
	2,787,315,185.00
	5,595,249,961.00
	16.6%

s 22

NetCapitalGainsDiscou	NetCapitalGains_Amt	CG_totl_amt	Loss_Apld_Amt
35,658,258,332	s 22		
35,325,475,530			

s 22

NetCapitalGains_Amt	point_in_time_Net_CG	point_in_time_Net_CG	s 22
39,191,572,294	s 22	1,151,769,925.00	
1,595,770,435		s 22	

2.9%

54,299,692,161  
s 22

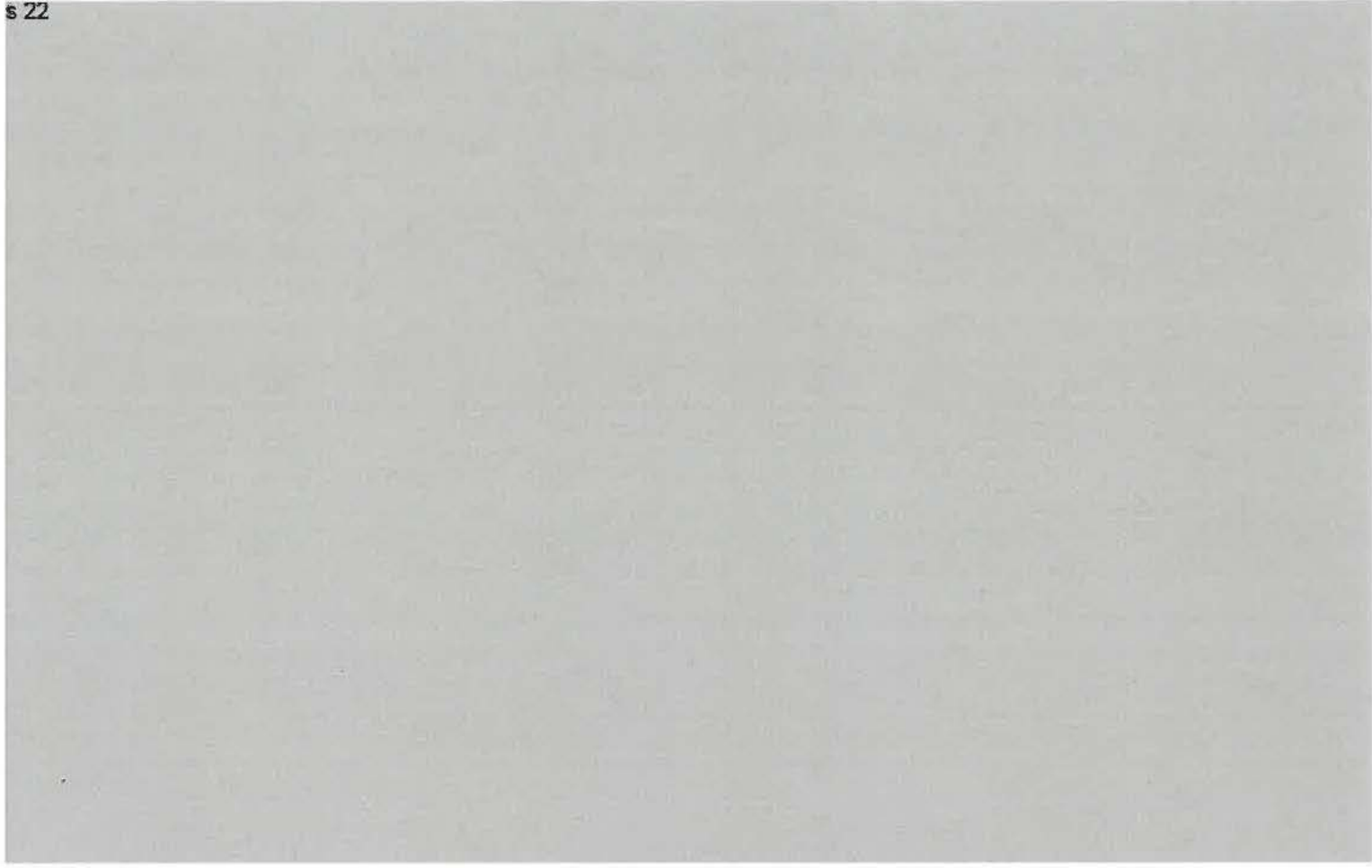
NetCapitalGains_Amt	OriginalGrossTax	NewGrossTax	AMTR
54,118,615,630.00	61,256,429,887.58	85,243,624,168.15	44.3%

s 22

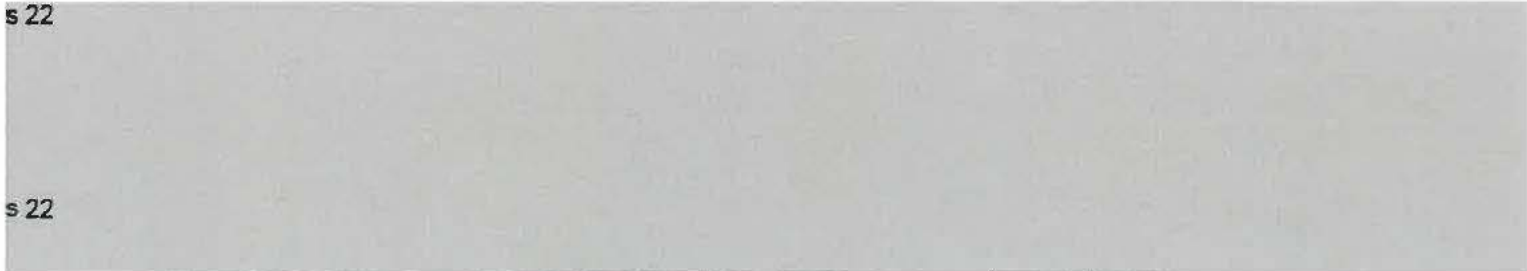
s 22

NetCapitalGainsDiscou	NetCapitalGains_Amt	CG_totl_amt	Loss_Apld_Amt
46,896,421,271	s 22		

s 22



	NetCapitalGains Amt	OriginalGrossTax	NewGrossTax	AMTR
s 22				
	38,042,078,678.00	46,358,845,681.56	62,974,040,142.01	43.7%
s 22				



s 22

	NetCapitalGainsDiscou	NetCapitalGains Amt	CG totl amt	Loss Apid Amt
s 22				
	30,528,102,596	37,009,282,922	72,593,887,828	3,823,588,607

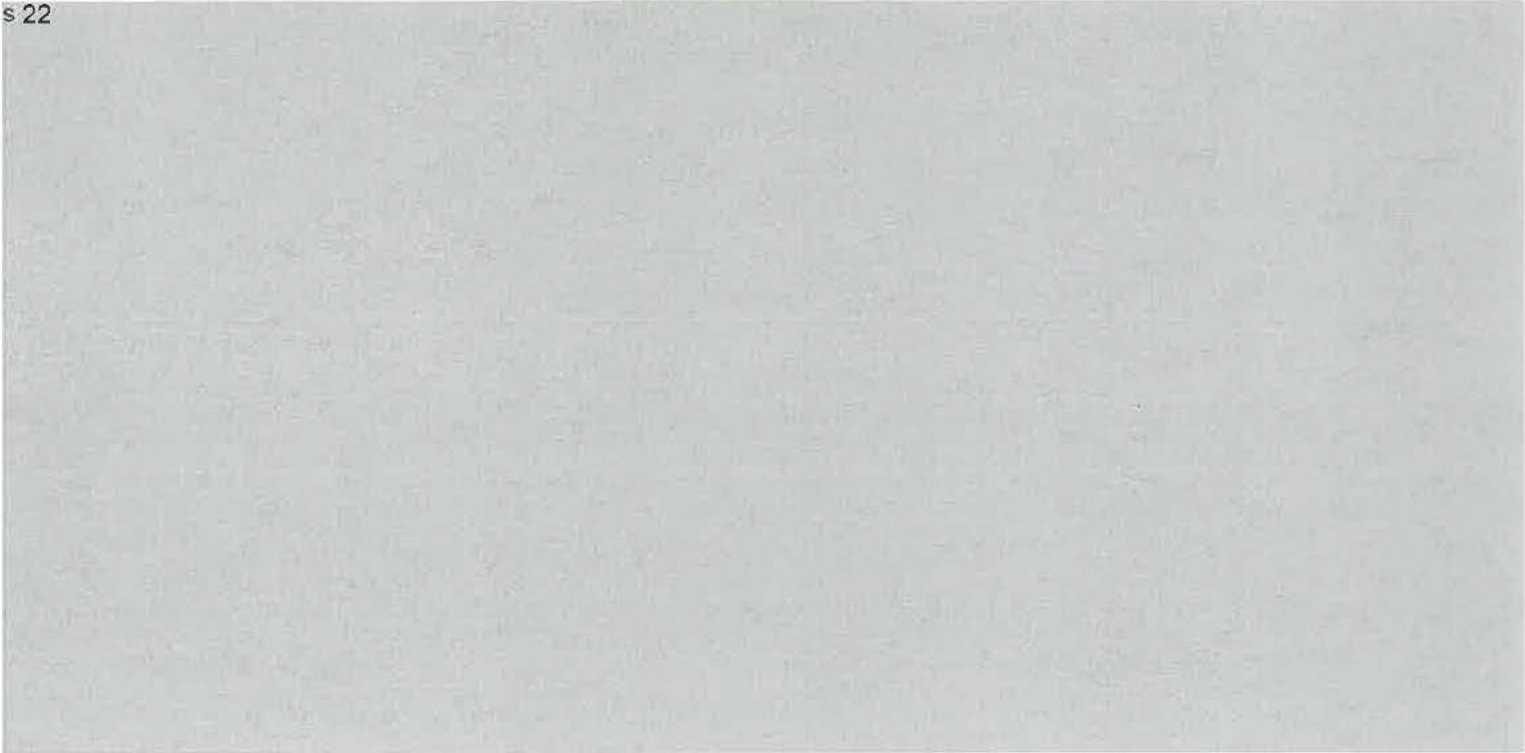
s 22





CG_before_Disc	Total Discounted	% of CG related to discount
75,856,812,283	71,316,516,664	94.01%
75,123,179,985	70,650,951,060	94.05%

s 22



data for 2020 &2021 removed

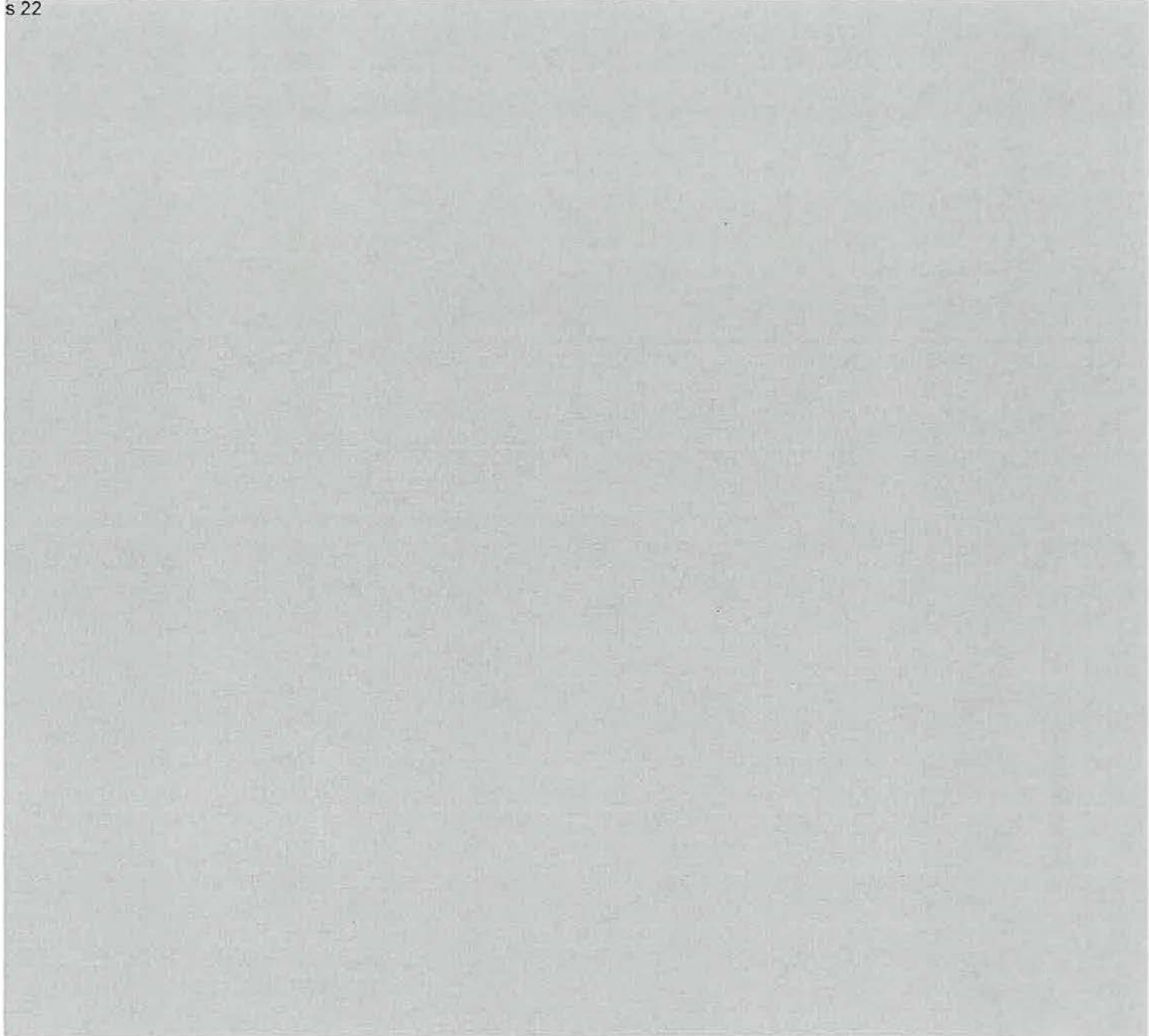
s 22



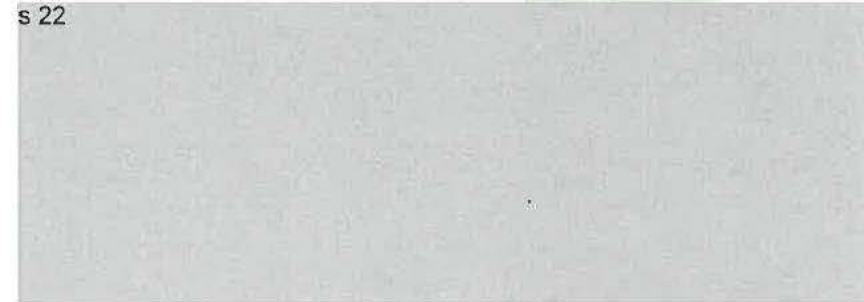
CG_before_Disc	Total Discounted	% of CG related to discount	data for 2020
101,434,384,207	93,792,842,542	92.47%	

s 22





CG before Disc	Total Discounted	% of CG related to discount
s 22		
CG_before_Disc		
s 22		
68,770,299,221	61,056,205,192	88.78%
s 22		



## Capital gains tax discount for individuals and trusts

s 22

### Assumptions

Growth (net capital gains)  
Average marginal tax rate  
Proportion of discount method from Net Capital Gains

Lates rate 16.6%  
Timing in-year 0%

### Model

Net capital gains  
Amount claimed through individual tax returns (net cap  
Cost of discount  
Cost to revenue

Adjustment for other TaBs  
TaB C12 - SB 15 year exemption  
TeIS E31 - scrip for scrip rollover

Income year \$m

Budget year \$m

plus Budget measure

TES (\$m) (rounded)

Model



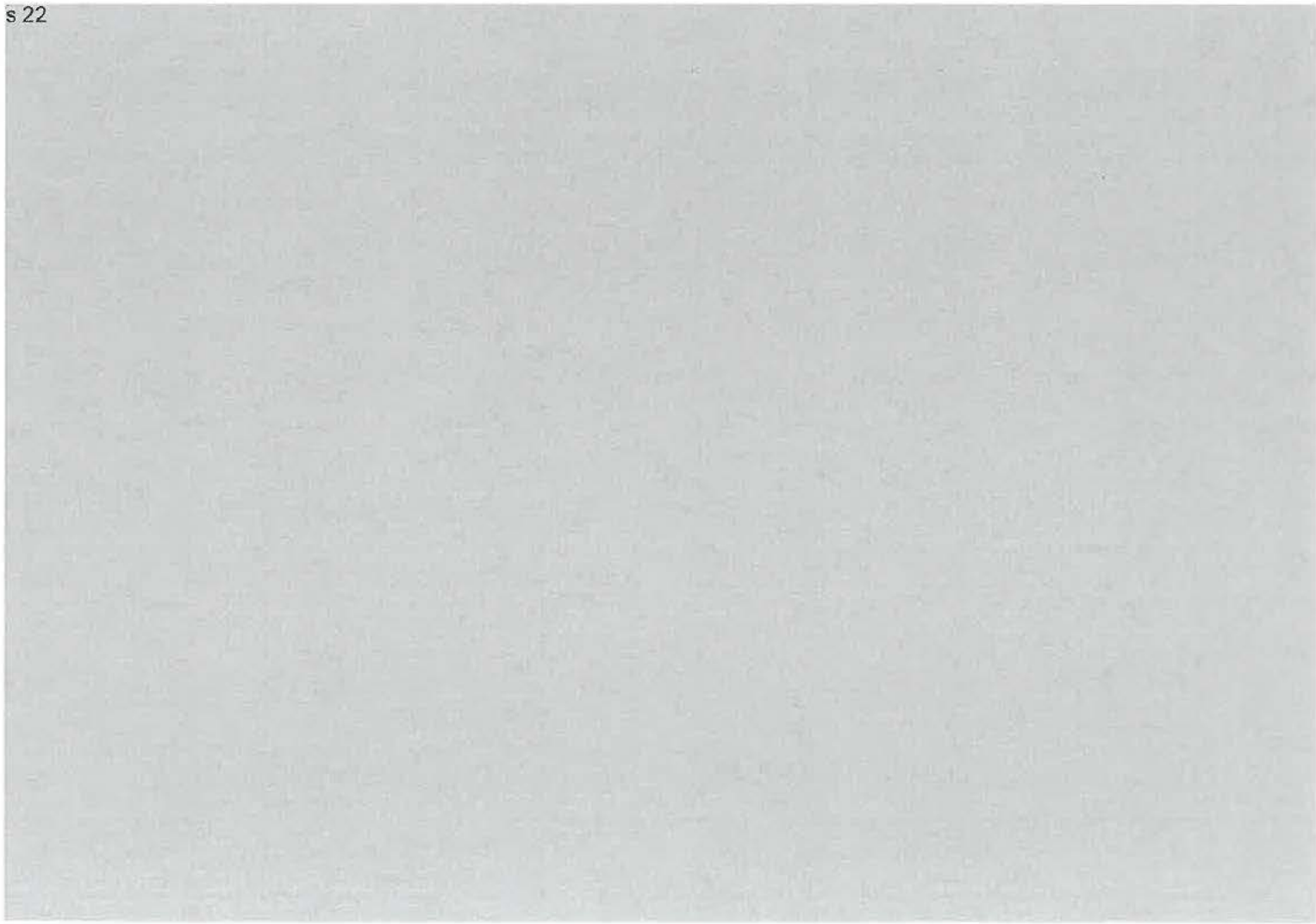
2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
72.0%	42.3%	-27.3%	16.0%	18.2%	-13.7%	2.9%	3.0%	4.2%
43.7%	44.3%	44.4%	44.1%	41.4%	41.7%	41.9%	42.2%	42.7%
88.8%	92.5%	94.0%	94.0%	94.0%	94.0%	94.0%	94.0%	94.0%

2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
<b>With Lates</b>								
38,042	54,119	39,368	45,685	54,004	46,595	47,955	49,379	51,446
33,775	50,042	37,011	42,965	50,789	43,821	45,101	46,439	48,383
14,751	22,180	16,421	18,957	21,024	18,286	18,895	19,598	20,675

712	1,069	1,074	828	828	828	828	828	828
128	210	-61	-65	-64	-69	-57	-49	-43

15,592	23,460	17,433	19,720	21,788	19,046	19,667	20,377	21,460
9,265	15,592	23,460	17,433	19,720	21,788	19,046	19,667	20,377

9,270	15,590	23,460	17,430	19,720	21,790	19,050	19,670	20,380
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Legend

Updated source/formula

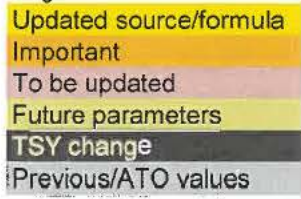
Important

To be updated

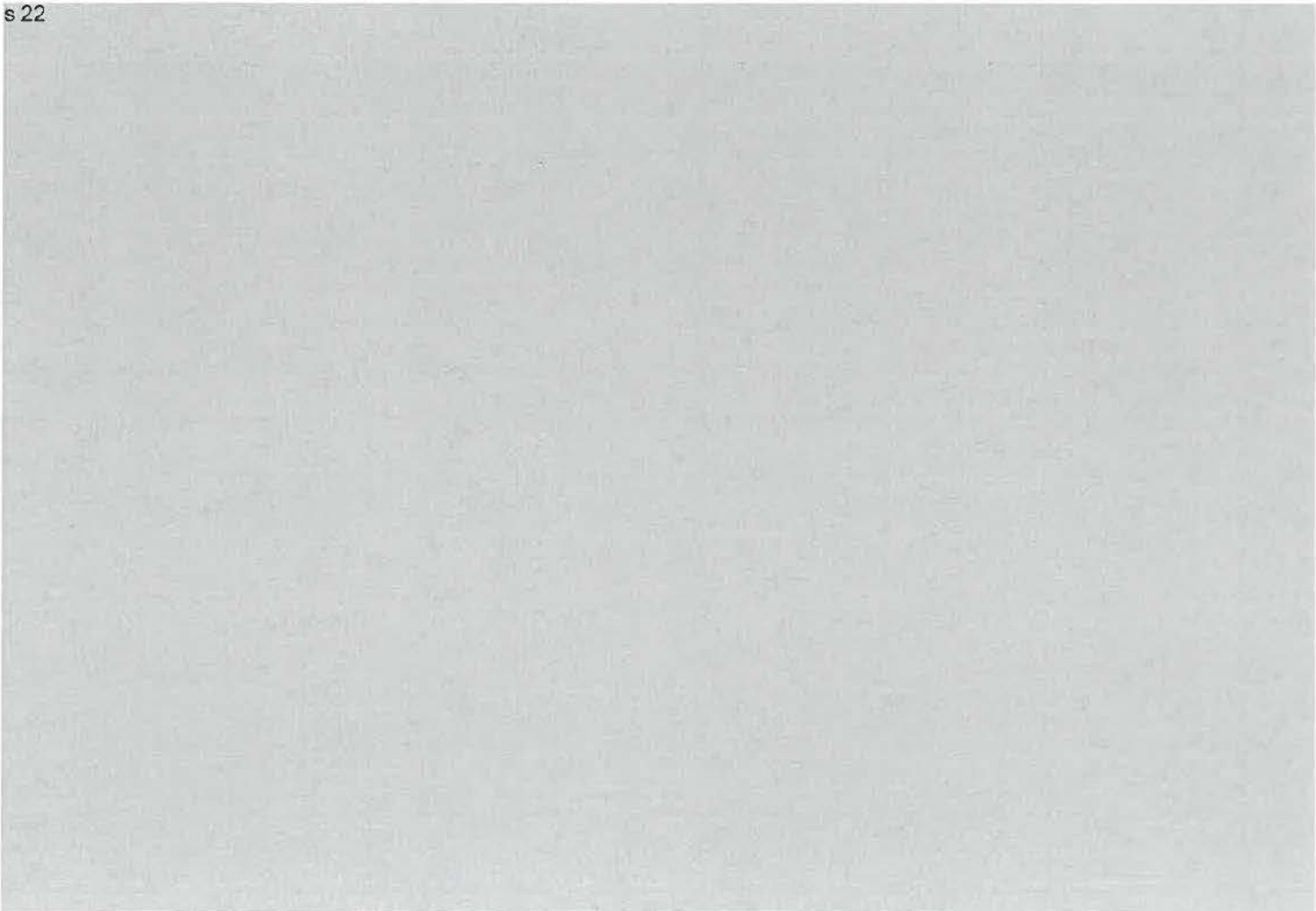
Future parameters

TSY change

Previous/ATO values



s 22



TES 2025 Estimates

**TEIS 2025 Amounts**

The following table shows TEIS 2025 figures:

	2021-22 \$m	2022-23 \$m	2023-24 \$m	2024-25 \$m	2025-26 \$m	2026-27 \$m	2027-28 \$m
<b>TEIS 2025 Amounts</b>	15,590	23,460	17,430	19,720	21,790	19,050	19,670

**Variation from previous TEIS**

The following table shows TEIS 2024 figures:

	2021-22 \$m	2022-23 \$m	2023-24 \$m	2024-25 \$m	2025-26 \$m	2026-27 \$m	2027-28 \$m
<b>TEIS 2024</b>	15,590	23,460	19,000	22,730	14,310	15,490	16,520
	0	0	-1,570	-3,010	7,480	3,560	3,150
	0.0	0.0	-8.3	-13.2	52.3	23.0	19.1

	s 22
2028-29	
\$m	
20,380	

## Reliability of quantified TaB

### 1. DATA

Consider

**a. the quality of the data.** Most ATO tax return data is of high quality whereas some labels from other sources may be less reliable. e.g. labels on the payment summary where the income is exempt.

**b. detail of the data.** Is the data well suited to the purpose it is being used? e.g. some external aggregates may not exactly match our modelling requirements.

**c. frequency of the data.** How old is the data that is being used?

### 2. ASSUMPTIONS

Consider

**a. the reliance on assumptions in the modelling.** Is there a heavy reliance on assumptions?

**b. are the calculations sensitive to the assumptions?**

### 3. FUTURE TAXPAYER BEHAVIOUR

Consider

**a. the volatility in the growth rates over time.** Is it hard to determine a growth rate for the out year?

**b. is there any legislative change likely to impact on taxpayer behaviour?**

**c. how long has the concession been available?** Are takeup rates still changing? Is it too early to determine long term growth rate?

## The reliability rating for this TaB is

Reliability rating scale

- 0 Very low
- 1 Low
- 2 Low
- 3 Low
- 4 Medium-low
- 5 Medium
- 6 Medium
- 7 Medium
- 8 Medium-high
- 9 High

Reliability

**High** *drop down*

er data

regate data

**Low** *drop down*

**Very low** *drop down*

s?

etermine a

**Medium-low**