

## APPENDIX D: AGGREGATED SUPERANNUATION TAX EXPENDITURE

Table D1 aggregates the estimated tax expenditures related to funded superannuation. The tax expenditures identified individually in Table D1 should be understood as part of an integrated system. This system is significantly concessional taken as a whole. To get a complete picture of superannuation tax expenditures, item C7 covering unfunded superannuation should be added.

The calculation of the estimates requires projections of contributions, earnings and eligible termination payments (ETPs). The estimates use projections of contributions, earnings and payouts. They assume that tax is collected from superannuation funds mainly in the year in which the contributions and earnings occur.

There have been significant changes to the estimates of the superannuation tax expenditures since the 2009 TES, mainly due to:

- updated base data used to estimate the superannuation tax expenditures;
- revised growth estimates reflecting the impacts of the global financial crisis, particularly on taxable capital gains<sup>1</sup>; and
- revised methodology in some instances.

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1 Only realised capital gains are taxable and therefore impact on tax expenditures. The published 'headline' returns of superannuation funds include both realised and unrealised capital gains.

Tax Expenditures Statement

**Table D1: Aggregated tax expenditures for funded superannuation** <sup>(a),(b)</sup>

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Costs</b>								
C4 Capital gains tax discount for funds	1,560	1,020	250	60	70	80	230	460
C5 Concessional taxation of employer contributions(c)	11,400	13,150	13,300	14,100	14,300	15,800	16,300	17,900
C6 Concessional taxation of superannuation entity earnings	12,900	22,050	16,300	10,900	12,200	13,600	15,200	17,900
C8 Deduction and concessional taxation of certain personal contributions	1,050	2,050	1,750	1,600	1,050	1,050	1,250	1,250
C9 Measures for low-income earners(d)	260	500	280	230	290	170	160	280
C10 Spouse contribution offset	15	10	8	6	4	3	3	3
C17 Trans-Tasman retirement savings portability scheme	-	-	-	*	*	*	*	*
Sub-total	27,185	38,780	31,890	26,895	27,915	30,705	33,145	37,795
<b>Less offsets</b>								
C11 Tax on excess concessional contributions(e)	-	-	-	-7	*	*	*	*
C12 Tax on excess non-concessional contributions(f)	-	-	-3	-22	*	*	*	*
C13 Tax on funded lump sums relating to post-June 1983 service(g)	-170	-195	-150	-150	-150	-150	-150	-150
C14 Tax on funded lump sums relating to pre-July 1983 service	-17	-	-	-	-	-	-	-
C15 Tax on funded superannuation income streams(h)	*	*	*	*	*	*	*	*
C20 Payment of temporary residents' superannuation to the Australian Government	-	-	-170	-135	-115	-110	-130	-120
Sub-total	-185	-195	-325	-315	-265	-260	-280	-270
<b>Total tax expenditures</b>	<b>27,000</b>	<b>38,590</b>	<b>31,570</b>	<b>26,580</b>	<b>27,650</b>	<b>30,450</b>	<b>32,870</b>	<b>37,530</b>

(a) The concessional treatment of unfunded superannuation (C7) and the concessional treatment of non-superannuation benefits (C3) are reported as separate tax expenditures and are not included in this table.

(b) Totals may not sum due to rounding.

(c) Includes the revenue impact of the surcharge on superannuation contributions for high income earners which applied to contributions for 2004-05 and earlier years. Prior to 2002-03, this line showed the level of the tax offset available to low income earners who made personal contributions. Since 2003-04, the line shows the impact of the government co-contribution being untaxed. From 2012-13, this line includes the proposed superannuation low income earner contribution.

(d) Estimates beyond 2009-10 cannot be reliably estimated and will be updated as actual data becomes available.

(e) Estimates beyond 2009-10 cannot be reliably estimated and will be updated as actual data becomes available.

(f) Includes total tax withheld from departing Australia superannuation payments.

(g) Indeterminate, but likely to be insignificant.