

HIGHLIGHTS

The 2011 Tax Expenditures Statement (TES) provides details for 364 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 2011-12*, including tax expenditures associated with the *Clean Energy Future* (CEF) package announced in July 2011 and those associated with the Minerals Resource Rent Tax (MRRT) and the extended Petroleum Resource Rent Tax (PRRT).

Highlights from this year's TES include:

- Total tax expenditures are estimated at around \$112 billion in 2010-11, or around 8.0 per cent of GDP. This has decreased from \$116 billion in 2009-10 (around 9.1 per cent of GDP).
- The largest tax expenditures in the 2011 TES are for owner-occupied housing. The next largest group are tax concessions for superannuation, followed by tax concessions related to the goods and services tax.
- 27 new and 32 modified tax expenditures have been recognised as a result of policy measures reported in either the 2011-12 Budget or the 2011-12 Mid-Year Economic and Fiscal Outlook and associated changes in benchmarks, including the introduction of a carbon pricing benchmark and changes to the resource tax benchmark.
 - In addition, 12 previously existing tax expenditures have been deleted. The majority of these have been merged with other tax expenditures to improve the way they are reported, while the remainder no longer have an impact over the reported time horizon.

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

- the reporting of tax expenditures recognised under the CEF package announced in July 2011;
- personal tax changes introduced from 2012-13 as part of the CEF package;
- the reporting of tax expenditures recognised under the MRRT and extended PRRT; and
- the impact of Government reforms on existing tax expenditures, such as Tax offsets for dependent spouse (A35), 25 per cent entrepreneurs' tax offset (B54), Application of statutory formula to value car benefits (D18) and Exemptions for employees living away from home (D45).

