

HIGHLIGHTS

The 2010 Tax Expenditures Statement (TES) provides details for around 350 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 2010-11*, with the exception of policy decisions relating to the minerals resource rent tax (MRRT) and the extended petroleum resource rent tax (PRRT) announced in July 2010.

Highlights from this year's TES include:

- Total tax expenditures are estimated at \$113 billion in 2009-10, or around 8.8 per cent of GDP. This has increased from \$109 billion in 2008-09.
- The largest tax expenditures in the 2010 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.
- Twenty-five new or modified tax expenditures have been recognised as a result of policy measures reported in either the 2010-11 Budget or the *Mid-Year Economic and Fiscal Outlook 2010-11*.
 - In addition, 15 previously existing tax expenditures have been reported for the first time. Unlike new tax expenditures resulting from policy measures, these tax expenditures do not represent a change in the concessional nature of the tax system between the 2009 and 2010 Tax Expenditures Statements.

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

- The removal of tax expenditures recognised under the Carbon Pollution Reduction Scheme (CPRS). These tax expenditures have been removed as a result of the Government's decision to defer the CPRS. This treatment is consistent with the tax expenditure aggregates reported in the 2010-11 Budget.
- Revisions to the estimates of the concessional taxation of superannuation entity earnings as a result of a revised modelling methodology.

