

## APPENDIX B: CHANGES TO TAX EXPENDITURES IN 2014

This Appendix provides an outline of the changes to the list of tax expenditures since the 2013 Tax Expenditures Statement. Since the 2013 TES, 17 tax expenditures have been modified and 58 tax expenditures have been deleted.

### B.1 Modified tax expenditures

Table B.1 reports tax expenditures that have been modified since they were last reported in the 2013 TES.

Modified tax expenditures refer to tax expenditures that have changed materially, for example because of a change to the benchmark, a measure that has been announced since the 2013 TES, a decision to remove a tax expenditure in a certain year, an amalgamation or split of tax expenditures, or the inclusion of a new element to an existing tax expenditure.

**Table B.1: Modified tax expenditures**

TES code	Tax expenditure title	Modification to the tax expenditure
A19	Medicare levy exemption for residents with taxable income below the low-income thresholds	The Medicare levy low-income threshold for families has been increased from the 2013-14 income year.
A29	Dependency tax offsets	The Dependent Spouse Tax offset (DSTO) and the invalid relative, parent, parent-in-law, housekeeper, housekeeper (with child), child-housekeeper and child-housekeeper (with child) tax offsets are being abolished for all taxpayers from 1 July 2014, subject to passage of legislation.
A32	Mature Age Worker Tax Offset	The Mature Age Worker Tax Offset is being abolished from 1 July 2014, subject to passage of legislation.
A40	Exemption of Government contributions to First Home Saver Accounts	First Home Saver Accounts will be abolished from 1 July 2015 and eligibility for Government contributions will cease from 1 July 2014, subject to passage of legislation.
A42	Tax treatment of First Home Saver Accounts earnings	First Home Saver Accounts will be abolished from 1 July 2015, subject to passage of legislation.
B10	Concessional tax treatment of offshore banking units	Deferral of the start date of reforms to the offshore banking unit regime to income years commencing on or after 1 July 2015.
B39	Farm Management Deposit scheme	Non-primary production income limit increased from \$65,000 to \$100,000.
B45	Shipping — refundable tax offset for employers of qualifying Australian seafarers	The seafarer tax offset will be repealed from 1 July 2015.

**Table B.1: Modified tax expenditures (continued)**

TES code	Tax expenditure title	Modification to the tax expenditure
B74	Accelerated depreciation for software	The period over which capital expenditure on in house computer software is depreciated is to be increased from four years to five years.
B79	Research and development — exemption of refundable tax offset (current scheme)	The rate of the research and development refundable tax offset will decrease from 45 per cent to 43.5 per cent of expenditure from 1 July 2014, subject to passage of legislation.
B80	Research and development — non-refundable tax offset	The rate of the research and development non-refundable tax offset will decrease from 40 per cent to 38.5 per cent from 1 July 2014, subject to passage of legislation.
C11	Tax on excess non-concessional superannuation contributions	Individuals will have the option to withdraw superannuation contributions in excess of the non-concessional contributions cap made from 1 July 2013 and any associated earnings, with the earnings to be taxed at the individual's marginal tax rate.
D23	Certain relocation and recruitment expenses - exemption and reduction in taxable value	<i>Exemption for engagement of a relocation consultant</i> (D36 in the 2013 TES) and <i>Reduction in taxable value of certain relocation and recruitment expenses</i> (D49 in the 2013 TES) have been merged with <i>Exemption for certain relocation and recruitment expenses</i> (D31 in the 2013 TES).
F8	Concessional rate of excise levied on aviation gasoline and aviation turbine fuel	From 1 February 2015, the re-introduction of biannual indexation by the consumer price index of excise for all fuels except aviation fuels.
F9	Excise concessions for 'alternative fuels'	From 1 July 2015, ethanol and biodiesel excise rates will fall to zero. Over five years, rates will increase (in addition to indexation) until they reach energy content equivalency, discounted by 50 per cent.
F10	Excise levied on fuel oil, heating oil and kerosene	From 1 February 2015, the re-introduction of biannual indexation by the consumer price index of excise for all fuels except aviation fuels.
F11	Excise levied on fuel products used for purposes other than as fuel	From 1 February 2015, the re-introduction of biannual indexation by the consumer price index of excise for all fuels except aviation fuels.

## B.2 Deleted tax expenditures

Table B.2 reports tax expenditures that have been deleted since the 2013 TES. Deleted tax expenditures generally arise because the relevant tax provisions have been abolished or cease to have effect within the reported time horizon of a particular TES.

In the 2014 TES, deleted tax expenditures include tax expenditures that have been abolished and do not have an impact over the forward estimates.

**Table B.2: Deleted tax expenditures**

2013 TES code	Tax expenditure title	Reason for deletion
A2	Exemption of official salaries and certain other income of the Governor-General and Governor of any State	This exemption no longer exists as the current Governor-General and State Governors have all been appointed after 28 June 2001 and do not qualify for the tax exemption.
A16	Education Tax Refund	The Education Tax Refund was abolished on 26 May 2012 when it was replaced by the Schoolkids Bonus.
A28	Exemption of the Baby Bonus	The Baby Bonus was discontinued from 1 March 2014 and the Maternity Immunisation Allowance was discontinued from 1 July 2012.
A31	Flood and cyclone reconstruction levy	The temporary flood and cyclone reconstruction levy expired on 30 June 2012.
A43	Exemption of the first child tax offset (Baby Bonus)	The first child tax offset expired on 30 June 2009.
A44	Exemption of Utilities Allowance and Seniors Concession Allowance	The Utilities Allowance and Seniors Concession Allowance expired on 20 September 2009.
A52	Income tax exemption for LPG conversion grants	The LPG vehicle scheme expired on 30 June 2014.
A59	Exemption of Tax Bonus for Working Australians	The <i>Tax Bonus for Working Australians Repeal Act 2013</i> received royal assent on 27 May 2014 and has a date of effect from 28 May 2014.
A64	A reasonable overtime meal allowance	Reporting modification - no tax expenditure exists.
A66	Certain travel expenses in and outside Australia	Reporting modification - no tax expenditure exists.
B12	Deemed tax credits under tax sparing provisions in Australia's tax treaties	Most of the tax sparing articles have expired or never entered into force. This no longer has an impact over the reported time horizon.
B31	Exemption of Tobacco Growers Adjustment Assistance grants	This no longer has an impact over the reported time horizon.
B39	Conservation tillage refundable tax offset	The conservation tillage refundable tax offset was repealed as part of the repeal of the carbon pricing mechanism on 17 July 2014.
B45	Tax exemption for farm help re-establishment grants	The Farm Help Re-establishment Grant Scheme was repealed with effect from 1 July 2014.

**Table B.2: Deleted tax expenditures (continued)**

2013 TES code	Tax expenditure title	Reason for deletion
B47	Infrastructure Bonds Scheme	The issue of certificates that give rise to the tax concessions has been terminated for new cases by the <i>Taxation Laws Amendment (Infrastructure Borrowings) Act 1997</i> .
B53	25 per cent entrepreneurs' tax offset	The entrepreneurs' tax offset was repealed with effect from the 2012-13 income year.
B55	Capital protected borrowings	The concession expired on 30 June 2013.
B64	New tax system for managed investment trusts	This no longer has an impact over the reported time horizon.
B65	Philanthropy — Income tax exemption for certain non-charitable funds	Section 50-20 of the <i>Income Tax Assessment Act 1997</i> was repealed by the <i>Charities (Consequential Amendments and Transitional Provisions) Act 2013</i> , which received Royal Assent on 28 June 2013, with a date of effect of 1 January 2014.
B70	Pooled Development Funds	The Pooled Development Funds program was closed to applications for registration on 21 June 2007.
B74	Tax incentives for film investment	The incentive expired on 1 July 2010.
B75	Accelerated depreciation for grapevine plantings	This concession is not available for grapevines planted after 1 October 2004.
B78	Landcare and water facility offset	This concession expired on 30 June 2001.
B85	Capital expenditure deduction for mining, quarrying and petroleum operations	This concession expired on 30 June 2001.
B86	Deduction for environmental protection activities and environmental impact studies	This concession expired on 30 June 2001.
B94	Establishment costs for carbon sink forests	This concession expired on 30 June 2012.
B95	Research and development — exemption of refundable research and development tax offset payments (former scheme)	The Research and Development tax offset expired on 30 June 2011.
B97	Research and development — immediate deduction for expenditure on core technology	This deduction expired on 30 June 2011.
B99	Research and development — premium tax concession for additional expenditure	This concession expired on 30 June 2011.
B100	Research and development — Research and Development Tax Concession	This concession was abolished on 30 June 2011.
B103	Small business and general business tax break	This concession expired on 31 December 2010.
B104	Exemption of tax offsets paid under the National Urban Water and Desalination Plan	The tax offset expired on 30 June 2014.
B106	Company loss carry-back	The loss carry back provisions ceased to apply commencing from the 2013-14 income year.
C10	Superannuation — tax on excess concessional contributions	Reporting modification - this tax expenditure exists in C5 <i>Concessional taxation of employer superannuation contributions</i> and C8 <i>Concessional taxation and exemption of certain personal superannuation contributions</i> from the 2013 TES.
D25	Discounted valuation of travel for airline employees and travel agents	Legislation was repealed in 2013.

**Table B.2: Deleted tax expenditures (continued)**

2013 TES code	Tax expenditure title	Reason for deletion
D36	Exemption for engagement of a relocation consultant	Reporting modification. This exemption is included in D31 <i>Certain relocation and recruitment expenses - exemption and reduction in taxable value</i> from the 2013 TES.
D49	Reduction in taxable value of certain relocation and recruitment expenses	Reporting modification. This exemption is included in D31 <i>Certain relocation and recruitment expenses - exemption and reduction in taxable value</i> from the 2013 TES.
E21	Capital gains tax roll-over for financial service providers on transition to the Financial Services Reform regime	This no longer has an impact over the reported time horizon.
E25	Capital gains tax roll-over for transfer of Public Sector Superannuation Fund assets to pooled superannuation trust	This no longer has an impact over the reported time horizon.
E26	Capital gains tax roll-overs to facilitate the consolidation of Commonwealth Superannuation Schemes	The consolidation of public sector superannuation funds was a one off event and expired on 30 June 2012.
F4	Rebate for broadcasting licence fees	The rebate expired on 30 June 2012.
G1	MRRT — denial of refund of tax credits for losses at project end	Repealed by the <i>Minerals Resource Rent Tax Repeal and Other Measures Act 2014</i> on 5 September 2014.
G2	MRRT — exemption for smaller miners	Repealed by the <i>Minerals Resource Rent Tax Repeal and Other Measures Act 2014</i> on 5 September 2014.
G3	MRRT — loss uplift rates exceeding the 10 year bond rate	Repealed by the <i>Minerals Resource Rent Tax Repeal and Other Measures Act 2014</i> on 5 September 2014.
G4	MRRT — royalty allowance uplift	Repealed by the <i>Minerals Resource Rent Tax Repeal and Other Measures Act 2014</i> on 5 September 2014.
G5	MRRT — starting base and uplift rate for capital assets	Repealed by the <i>Minerals Resource Rent Tax Repeal and Other Measures Act 2014</i> on 5 September 2014.
G7	Crude Oil Excise — condensate	This exemption expired on 30 June 2012.
G11	PRRT — increased deduction for petroleum exploration expenditure in designated offshore frontier areas	The increased deduction expired in 2009.
G13	PRRT — transfer of exploration expenditure between petroleum resource rent tax projects	This no longer has an impact over the reported time horizon.
H28	GST – Clean Energy Future	The carbon pricing mechanism was repealed on 17 July 2014 by the <i>Clean Energy Legislation (Carbon Tax Repeal) Act 2014</i> .
I1	CPM uncovered sectors — deforestation	The carbon pricing mechanism was repealed on 17 July 2014 by the <i>Clean Energy Legislation (Carbon Tax Repeal) Act 2014</i> .
I2	CPM thresholds for obligations	The carbon pricing mechanism was repealed on 17 July 2014 by the <i>Clean Energy Legislation (Carbon Tax Repeal) Act 2014</i> .
I3	CPM uncovered sectors — legacy emissions from synthetic greenhouse gases	The carbon pricing mechanism was repealed on 17 July 2014 by the <i>Clean Energy Legislation (Carbon Tax Repeal) Act 2014</i> .

**Table B.2: Deleted tax expenditures (continued)**

2013 TES code	Tax expenditure title	Reason for deletion
14	CPM uncovered sectors — legacy landfill emissions	The carbon pricing mechanism was repealed on 17 July 2014 by the <i>Clean Energy Legislation (Carbon Tax Repeal) Act 2014</i> .
15	Synthetic greenhouse gases — exemptions for certain products	The carbon pricing mechanism was repealed on 17 July 2014 by the <i>Clean Energy Legislation (Carbon Tax Repeal) Act 2014</i> .
16	CPM uncovered sectors — agriculture	The carbon pricing mechanism was repealed on 17 July 2014 by the <i>Clean Energy Legislation (Carbon Tax Repeal) Act 2014</i> .
17	CPM uncovered sectors — decommissioned mines	The carbon pricing mechanism was repealed on 17 July 2014 by the <i>Clean Energy Legislation (Carbon Tax Repeal) Act 2014</i> .
18	CPM — exclusion of the Joint Petroleum Development Area and Greater Sunrise Unit Area	The carbon pricing mechanism was repealed on 17 July 2014 by the <i>Clean Energy Legislation (Carbon Tax Repeal) Act 2014</i> .