

## PART II: MEASURES

Table 3 sets out the estimated revenue impact from 1995-96 to 1999-2000 of measures announced in the 1996-97 Budget and measures announced since the 1995-96 Budget.

**Table 3: Revenue Measures**

Measure	Estimated Change in Revenue				
	1995-96	1996-97	1997-98	1998-99	1999-00
	\$m	\$m	\$m	\$m	\$m
<b>(i) Measures announced in the 1996-97 Budget</b>					
<i>Income Tax</i>					
Family tax initiative(a)	-	-147	-441	-591	-595
Incentives for private health insurance(b)	-	-	-	-113	-114
Medicare levy - surcharge for higher income earners without private health insurance	-	-	-	60	75
Medicare levy - low income thresholds	-	-2	-30	-15	-15
Medical expenses rebate - increased threshold	-	-	26	23	24
PAYE arrangements and personal services income	-	*	*	*	*
Gift deductibility - community medical scholarship schemes	-	-	-1	-1	-1
Beneficiary rebate	-	-	30	30	30
Employee share schemes(c)	-	-15	-15	-15	-15
Australian Defence Force Personnel	-	-	-	-	-
Tax rebate for low income aged persons	-	-	-47	-80	-65
Exemption of income derived by bona fide prospectors	-	5	35	40	40
Luxury car leasing	-	2	30	45	60
High wealth individuals(d)	-	-	100	*	*
Trust losses(e)	*	*	*	*	*
Company loss provisions	-	-	-10	-10	-10
Infrastructure borrowings - prevention of schemes to increase the value of tax benefits	-	*	*	*	*
Deductions allowable to a co-operative company for the repayment of government loans	-	-	2	4	6
Reduction in the premium rate of deduction for R&D expenditure to 125 per cent	-	35	430	350	440
Withholding tax avoidance	-	85	100	100	100
Measures to address tax avoidance through tax exempt entities distributing funds offshore	-	25	30	30	30
Thin capitalisation	-	-	-	70	75
Foreign companies claiming Australian residence	-	-	-	75	75
<i>Superannuation Contributions</i>					
Superannuation contributions surcharge for higher income earners	-	-	480	470	530
Opting out of the superannuation guarantee system	-	-	8	11	12
Superannuation low income spouse rebate	-	-	-	-35	-35
Superannuation contributions by persons aged 65 and over	-	-	-	-9	-7
Abolition of the superannuation standard contribution limit	-	-	35	40	40
<i>Capital Gains Tax</i>					
Rollover relief for small business	-	-	-	-150	-160
Capital gains tax exemption on the sale of a small business for retirement	-	-	-	-15	-15
Extending the principal residence exemption	-	-	-7	-8	-8
Equity investments in small and medium enterprises	-	-	*	*	*
Modified application of section 160ZZS	-	-	15	15	15
Capital gains tax and company revenue provisions - anomalies(f)	-	25	110	75	75
Liquidation of a group company	-	..	..	..	..
<i>Fringe Benefits Tax</i>					
Remote area housing	-	-	-10	-5	-5

**Table 3: Revenue Measures — continued**

Measure	Estimated Change in Revenue				
	1995-96	1996-97	1997-98	1998-99	1999-00
	\$m	\$m	\$m	\$m	\$m
<i>Wholesale Sales Tax</i>					
Personal computers and related goods	-	55	80	80	80
<i>Customs and Excise Duty</i>					
Taxation of alcoholic beverages(g)	-	-10	-20	-20	-20
<i>Other Measures</i>					
Aircraft noise levy	-	-	-	-	-
Airservices Australia dividend increase	-	2	3	3	3
Cost recovery of import related services delivered by the Australian Customs Service	-	23	46	46	46
Dividend payments from the Australian Industry Development Corporation	-	15	15	-	-
Dividend payments from the Export Finance and Insurance Corporation	-	11	5	8	10
Increase in cost recovery for Insolvency and Trustee Service, Australia	-	4	6	6	6
Fees in Commonwealth Courts and Tribunals	-	19	27	31	31
Passport application fees	-	7	8	8	9
Increased migration, residence and student application cost recovery	-	22	37	39	41
Increased citizenship application cost recovery	-	2	2	2	2
Changes to the migration program	-	19	28	27	26
Increased cost recovery in the Adult Migrant English Program	-	3	7	9	9
Dividend payments from the Defence Housing Authority	-	30	6	6	6
Environmental assessment of Sydney's second airport	-	2	2	2	-
Australian Quarantine and Inspection Service - increase in cost recovery	-	3	8	8	8
Recover Australia's contribution to the International Telecommunications Union	-	2	2	2	2
Numbering plan	-	30	30	30	30
Provider registration fee	-	1	1	1	1
Student visa application fee	-	1	2	2	2
CSIRO efficiency gains and asset rationalisation	-	-	10	20	30
Increased industry contributions for Therapeutic Goods Administration activities	-	3	6	9	9
Wildlife protection fees	-	..	..	..	..
Royal Australian Mint and coinage trust account - monies in excess of requirements	-	-	..	1	1
Subtotal - Budget measures	0	257	1181	711	914
<b>(ii) Post-election measures</b>					
<i>Income Tax</i>					
Medicare levy - gun buyback scheme(h)	-	515	-15	-	-
Tax exemption for gun compensation	-	*	*	*	*
Extending the reportable payments system	-	10	100	100	100
Tax treatment of building and construction industry award transport payments(g)	*	*	*	*	*
Deductibility of gifts	*	*	*	*	*
Provisional tax exemption for pensioners(i)	-	-3	-	-	-
Provisional tax uplift factor	-	-180	-	-	-
Pooled superannuation trusts	-	..	..	..	..
Commutation of annuities	*	*	*	*	*
Research and development tax concession					
- 3 June 1996 measures(j)	-	-	-	-	-
- 23 July 1996 measures	-	24	288	280	400
Infrastructure borrowings - urban roads(g)	-	*	*	*	*
Accelerated depreciation for shipping	-	-	10	15	15
Income tax compensation for the full privatisation of State-owned enterprises	-	*	*	*	*
Dividend imputation: class C franking account	-	*	*	*	*

**Table 3: Revenue Measures — continued**

Measure	Estimated Change in Revenue				
	1995-96	1996-97	1997-98	1998-99	1999-00
	\$m	\$m	\$m	\$m	\$m
Taxation treatment of leased chattels and fixtures	*	*	*	*	*
Development Allowance and project restructures	-	-	-	-	-
Offshore banking units	-	-	-	-	-
Interest withholding tax	-	-	-	-	-
Repeal of section 261	-	-	-	-	-
<i>Fringe Benefits Tax</i>					
Minor benefits	-	*	*	*	*
<i>Wholesale Sales Tax</i>					
Government bodies and motor vehicles	-	48	52	55	59
<i>Customs and Excise Duty</i>					
Tariff concession system	-	279	304	324	348
Policy by-law system	-	34	40	45	49
<i>Other Measures</i>					
Sale of Commonwealth Development Bank	-	-4	-4	-4	-4
Sale of Commonwealth Funds Management Ltd	-	-1	-1	-2	-4
Amendments to the Financial Corporations (Transfer of Assets and Liabilities) Act 1993	-	..	..	..	..
Subtotal - post-election measures	0	722	774	813	963
Subtotal - Budget measures plus post-election measures	0	979	1955	1524	1877
<b>Measures announced since the 1995-96 Budget</b>					
<b>(iii) Pre-election measures</b>					
<i>Income Tax</i>					
Australian Defence Force personnel	*	*	*	*	*
Australian Federal Police	..	..	..	..	..
Tax treatment of building and construction industry award transport payments(g)	*	*	*	*	*
Research and development tax concession: amendments to 1995-96 Budget measures	-	-	-	-	-
Infrastructure borrowings - urban roads(g)	-	*	*	*	*
Infrastructure borrowings - prevention of schemes to increase the value of tax benefits	-	*	*	*	*
Employee share schemes	*	*	*	*	*
Research and development tax concession					
6 December 1995 announcement	45	105	130	210	*
Equity investments in small and medium enterprises	*	*	*	*	*
Offshore banking units	..	..	..	..	..
Interest withholding tax	..	..	..	..	..
Tax treatment of exempt entities entering the tax net	*	*	*	*	*
Development Allowance and project restructures	-	-	-	-	-
<i>Wholesale Sales Tax</i>					
Building materials	-215	-245	-265	-290	*
Rice milk	..	..	..	..	..
Sales tax exemption for imported flight simulator equipment	*	*	*	*	*
<i>Customs and Excise Duty</i>					
Aviation gasoline(k)	..	*	*	*	*
Concessional arrangements for certain petroleum products	-10	-10	-10	-11	-11
Tariff concession system	-	89	106	119	131
Policy by-law system	-	2	2	2	2
Taxation of alcoholic beverages(g)	-	10	20	20	20
<i>Other Measures</i>					
Statement of Policy Intent	*	*	*	*	*
Adult Migrant English Program	..	..	..	..	..
Loan to Papua New Guinea	-	6	4	-	-
Subtotal - pre-election measures	-180	-43	-13	50	142
Total - all measures taken since the 1995-96 Budget	-180	936	1942	1574	2019

- \* The nature of the measure is such that a reliable estimate cannot be provided.
- (a) This refers only to the tax component of the Family Tax Initiative. It does not include outlays assistance through the Family Tax Payment.
  - (b) This refers only to the tax component of the private health insurance incentives. It does not include outlays assistance.
  - (c) Revenue estimate excludes certain technical amendments for which it is not possible to provide a reliable estimate.
  - (d) Additional running cost resources of \$9.7 million in 1996-97 and \$9.5 million in 1997-98 have been provided to the Australian Taxation Office for the development of administrative and legislative responses, on a progressive and ongoing basis, to address aggressive tax planning and minimisation arrangements used by some high wealth individuals. The annual revenue at risk from these arrangements has been estimated by the Australian Taxation Office and the Treasury at \$800 million, but until specific measures have been developed, reliable revenue estimates cannot be provided for 1998-99 and 1999-2000.
  - (e) This measure was originally announced in the 1995-96 Budget and the revenue figures have already been included in the forward estimates.
  - (f) This is an aggregate of six measures described under this heading in *Budget Statement 4, Part II: Measures*. The revenue estimates relate to the prior year capital losses measure only. Estimates for the other components of this aggregate cannot be reliably estimated.
  - (g) This measure was announced by the former Government but not proceeded with by the Government.
  - (h) This amount reflects the net effect of refunds and collections after 30 June 1996, with respect to the levy increase for the 1996-97 income year.
  - (i) The additional revenue from excluding bonuses received from friendly societies or insurance companies from provisional tax is unquantifiable but is expected to be small.
  - (j) This measure confirms the former Government's announcement of 6 December 1995. The budgetary impact of this measure (see *Pre-election Measures*) was already incorporated in the forward estimates of revenue at the time of the election.
  - (k) The impact upon outyears is not provided, as this excise rate is adjusted on an annual basis to fund certain aviation services and aviation safety regulation.