

## 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 2008 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>

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Costs</b>								
C4 Capital gains tax discount for funds	1,090	1,690	890	210	80	80	150	300
C5 Concessional taxation of employer contributions(c)	9,500	11,400	13,000	12,500	11,400	12,100	13,250	14,550
C6 Concessional taxation of superannuation entity earnings	12,150	16,050	14,450	10,000	9,800	11,250	13,450	16,100
C8 Deduction and concessional taxation of certain personal contributions	410	810	1,550	1,400	1,100	610	660	750
C9 Measures for low-income earners(d)	90	270	550	310	310	310	190	180
C10 Spouse contribution offset	15	15	10	8	6	6	5	5
C17 Trans-Tasman retirement savings portability scheme	-	-	-	-	*	*	*	*
Sub-total	23,255	30,235	30,450	24,430	22,695	24,355	27,705	31,885
<b>Less offsets</b>								
C11 Tax on excess concessional contributions	*	*	*	*	*	*	*	*
C12 Tax on excess non-concessional contributions	*	*	*	*	*	*	*	*
C13 Tax on funded lump sums relating to post-June 1983 service(e)	-160	-170	-180	-180	-180	-180	-180	-180
C14 Tax on funded lump sums relating to pre-July 1983 service	-30	-17	-	-	-	-	-	-
C15 Tax on funded superannuation income streams(f)	*	*	*	*	*	*	*	*
C21 Payment of temporary residents' superannuation to the Australian Government	-	-	-	-170	-210	-160	-110	-140
Sub-total	-190	-185	-180	-350	-390	-340	-290	-320
<b>Total tax expenditures</b>	<b>23,070</b>	<b>30,050</b>	<b>30,270</b>	<b>24,080</b>	<b>22,310</b>	<b>24,020</b>	<b>27,420</b>	<b>31,570</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.

(d) 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.

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

(f) Indeterminate, but likely to be insignificant.