

From: [REDACTED]
To: [Committee, TaxRev \(REPS\)](#)
Cc: [REDACTED]
Subject: [REDACTED] Submission to the Tax Expenditures Statement Inquiry
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Tax Expenditures Statement Committee Secretariat
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Submission to the Tax Expenditures Statement Inquiry

The Australian Bureau of Statistics (ABS) is responsible for maintaining the Australian framework for compiling Government Finance Statistics (AGFS). The current framework is outlined in the *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2005* (ABS cat. no. 5514.0). The AGFS framework is based on the international framework for Government Finance Statistics maintained by the International Monetary Fund.

The ABS also produces Government Finance Statistics (GFS) that are based on the AGFS framework. The purpose of GFS are to measure the financial activities of government and reflect the impact of those activities on other sectors of the economy. GFS complements the Tax Expenditures Statement (TES), which provides information on expenditures that arise through the provisions of tax law so that these expenditures can be transparent and scrutinised like other government expenditures.

The AGFS framework contains a number of relevant definitions such as revenues (including taxation) and expenses (a component of expenditure). The AGFS framework does not define 'tax expenditures', or other aggregates such as a 'benchmark tax base' that are critical to the calculation of tax expenditure. Tax expenditures also include measures which fall outside the scope of GFS transactions. For example, the largest tax expenditures identified in the TES relate to the exemption of capital gains tax on main residences. This measure is not considered a transaction in the AGFS framework, and is not included as an expense to government.

The ABS is currently updating the AGFS manual so that it will align with international standards. A prepublication draft will be released on the 31st July. The new manual is not expected to change the information provided in this submission. Please contact Jonathon Khoo (email: [REDACTED], phone: [REDACTED]) if you require any additional information.

Yours faithfully,

Paul Mahoney

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Program Manager

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