

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

2016 - 2017

Division/Agency: Tax Analysis Division

Question No: 474

Topic: Total excise and customs duty

Reference: Written

Senator: Ketter, Chris

Question:

- 1) What was the reason for 2015-16 FBO figure for receipts from total excise and customs duty being \$634 million higher than estimated than at the May 2016 budget?
- 2) What occurred in the less than two months to the end of June 2016 that caused this increase?
- 3) How does the 2015-16 FBO result compare to the estimates in the 2012-13, 2013-14, 2014-15 and 2015-16 Budgets?
- 4) In particular, tobacco excise and customs duty was \$406 million higher and diesel excise and customs duty was \$266 million higher.
 - a. What were the drivers of these increases?
 - b. Does the tobacco excise and customs duty increase flow through to the revenue estimate from the increase to the tobacco excise measure in the 2016-17 Budget?

Answer:

- 1) Total excise and customs duty receipts were \$634 million (1.8 per cent) above the 2016-17 Budget estimate. This primarily reflected higher-than-anticipated receipts for tobacco excise and customs duty and diesel excise and customs duty.
- 2) The main driver of the increase was higher-than-expected tobacco clearances in the remaining two months of 2015-16. For example, the average amount of sticks cleared through the Department of Immigration and Border Protection was 1.2 billion per month in March and April, compared to 1.7 billion per month in May and June (Treasury FOI release, net clearances of tobacco products, <http://www.treasury.gov.au/Access-to-Information/DisclosureLog/2016/1958>).
- 3) The evolution of the forecast for total individuals and other withholding taxes can be found below:

Budget	2015-16 tax receipts (\$m)
2012-13	37,558
2013-14	36,570
2014-15	36,730
2015-16	34,300
2016-17	34,790
2015-16 FBO	35,424

4a) See question 2). Diesel clearances were also higher than expected in May and June. Substitution of fuel use may have played a role; in aggregate, fuel excise and customs duty was \$91 million above profile.

4b) The costing for the 2016-17 Budget tobacco measure was based on the best available information at the time of estimation. The effects of data and parameter updates will be fully factored in to forecasts published in future budget documents.