



CABINET SUBMISSION

Cabinet number	25/23	
Title	ACT Tax Expenditure Statement 2023-24	
Meeting Type	Cabinet	
Minister	Chris Steel MLA	
	<u>Treasurer</u>	
Co-Sponsoring Minister/s	N/A	
ERC date	Monday, 26 May 2025	
Cabinet date	Wednesday, 28 May 2025	
<u>Status</u>	FINAL	
<u>Relationship to previous decisions</u>	ACT Tax Expenditure Statement 2022-23 – Agreement, Decision No. 24/21/CAB, 31 May 2024.	
Submission type	Government submission	
Purpose	<p>This Submission seeks Cabinet’s agreement for the public release of the <i>ACT Tax Expenditure Statement 2023-24</i> prepared by Treasury.</p> <p>This Statement outlines the tax expenditures provided by the ACT Government in 2023-24 in the form of exemptions, concessions and incentives that provided economic and social supports to targeted taxpayers. An overview of the Government’s tax expenditures between 2019-20 and 2022-23 is also presented in this Statement to reflect changes in the Government’s policies. In this Statement, tax expenditures are represented as costs to the Government by way of revenue forgone.</p> <p>In 2023-24, the ACT Government’s total tax expenditure is estimated at \$377.1 million, a 1.7 per cent increase compared to the Territory’s tax expenditure in 2022-23 (\$370.8 million).</p>	
Category	Category 2 - Cabinet Business/Government business/Community Engagement	
Financial Impact	No	
<u>Treasury Agreement</u>	Yes	14/05/2025
	Date of Treasury agreement:	14/05/2025
Legislative change	No - change to legislation not required	
<u>PCO/JACS Human Rights</u>	N/A	Click here to enter a date.
	N/A	Click here to enter a date.
<u>Regulatory impact</u>	No	Click here to enter text
<u>Wellbeing Impact Assessment</u>	No (exemption request approved)	

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Primary Wellbeing Domain

Economy

Closing the Gap - Priority Reforms

Not in Scope for Closing the Gap Priority Reform

Minister's signature _____



Date 16/5/25

RECOMMENDATIONS

1) I recommend Cabinet agree:

- a. to the public release of the *ACT Tax Expenditure Statement 2023-24* at Attachment C.
- b. that the Chief Minister and the Treasurer may agree the timing and method of publishing the *ACT Tax Expenditure Statement 2023-24*, including as part of the 2025-26 Budget papers.

2) I recommend Cabinet note:

- a. the advice to the Chief Minister on the release of the Open Access Decision Summary (Attachment B) as required under Section 23 of the *Freedom of Information Act 2016*; and
- b. the following summary to be released.
 - i. Cabinet agreed to the public release of the *ACT Tax Expenditure Statement 2023-24*.
 - ii. Cabinet agreed that the Chief Minister and the Treasurer may agree the timing and method of publishing the *ACT Tax Expenditure Statement 2023-24*, including as part of the 2025-26 Budget papers.

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SUPPORTING ARGUMENT

BACKGROUND

- 3) Tax expenditures arise from government policies that are designed to achieve social, community or economic outcomes. They are considered costs to a government and often measured by tax revenue forgone.
- 4) In the ACT, tax expenditures alleviate the tax liabilities of selected groups of individuals, businesses, and community groups by way of exemptions, concessions, and incentives. This is important for supporting those experiencing financial hardship as well as stimulating economic activity in the Territory, particularly during a difficult time like the COVID-19 pandemic where circumstances can quickly change.
- 5) The ACT Tax Expenditure Statement 2023-24 (the 2023-24 Statement) provides an overview of the Territory's tax expenditures over the five years to 2023-24, with a focus on the 2023-24 financial year in terms of policy measures.
- 6) The 2023-24 Statement provides an opportunity to track and compare the ACT Government's spending on tax relief over the past years, and it can also be used to inform future tax-related policy decisions.
- 7) In response to the COVID-19 pandemic, the ACT Government has provided a series of COVID-19 stimulus measures on top of the existing concession policy measures, to support households and businesses who were affected by the pandemic.
 - a. Some of these measures provide taxation relief in the form of revenue forgone, which have been considered tax expenditures and included in the 2023-24 Statement.
 - b. Trailing COVID-19 measures are winding down, with business support and cost of living measures remaining a key focus of the ACT's tax expenditure going forward.
- 8) Cabinet has agreed to the public release of all previous Tax Expenditure Statements for the ACT.

ISSUES AND OPTIONS

Overview

- 9) A tax expenditure represents a cost to the Government by way of revenue forgone. It has a similar effect on the budget to direct expenditure but can be less transparent.
- 10) The 2023-24 Statement reports on the tax expenditures for a range of tax lines administered by the ACT Government for the purpose of providing better transparency to the budgetary impact of tax expenditures and tracking the performance of the Government's concession policy measures.
- 11) Not all policy measures that provide compensation for impacts of taxes are reflected in the 2023-24 Statement. The scope of the 2023-24 Statement (as with previous statements) does not cover:
 - a. progressive tax measures that promote equity and fairness of the tax system;
 - b. items that are not taxable as a result of the legislative definition of a tax;
 - c. tax arrangements that do not fall within the control of the ACT Government, such as exemptions provided to the Commonwealth Government; and
 - d. tax exemptions provided to the General Government Sector of the ACT Government.

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- 12) Actual costs of tax expenditures are reported where the ACT Government collects and holds data for the related concession programs. Where this is not the case, costs are estimated using other data sources.
- a. The estimated costs should be interpreted with care as estimates rely on data availability and specific assumptions made. Tax-related data are generally collected from taxpayers and where tax is not collected assumptions are used to estimate the value of the tax expenditure. These costings are based on the best possible information that is available.
- 13) In 2023-24, the ACT Government's total tax expenditure is estimated at \$377.1 million, a 1.7 per cent increase compared to the Territory's tax expenditure in 2022-23 (370.8 million).
- a. In 2023-24, COVID-19 stimulus measures were estimated to be \$1.6 million, primarily for revenue initiatives on conveyance duty. This is a decrease of 76.5 per cent or \$5.3 million compared to the COVID-19 stimulus tax expenditures in 2022-23.
 - b. Tax expenditures were 4.4 per cent of the ACT's total direct expenditure in 2023-24, a decrease of 0.2 of percentage points from 2022-23 (4.6 per cent).
 - c. Total direct expenditure was \$8.7 billion in 2023-24, a 7.8 per cent increase from \$8.0 billion in 2022-23.
- 14) The increase was mainly attributable to the growth in the tax expenditures on payroll tax, motor vehicle duty and motor vehicle registration.
- a. Tax expenditures on payroll tax increased by \$9.1 million in 2023-24 as a result of a rise in the exemption from the tax-free threshold for small and medium businesses and exempt employers for the charitable sector and non-government schools.
 - b. Motor vehicle duty tax expenditures rose by \$6.2 million in 2023-24, reflecting an increase in zero and low emissions vehicles, which received concessions.
 - c. Motor vehicle registration tax expenditures increased by \$3.6 million in 2023-24, with the largest increases for pensioners and concessions to gas and electric vehicles.
- 15) The increase in the Government's total tax expenditures in 2023-24 was offset by the fall in the tax expenditures on conveyance duty.
- a. Conveyance duty tax expenditures decreased by \$13.8 million in 2023-24, largely reflecting the significant decreases in duty concessions to the Home Buyer Concession Scheme, COVID-19 support to owner occupiers and duty exemptions to community housing. These falls were associated with the general slowing in the property market.
- 16) Of the \$377.1 million in tax expenditure, payroll tax contributed \$231.6 million, the largest of all tax lines (Table 1). This was a result of the tax-free threshold (\$2 million per annum as at 30 June 2024) offered by the ACT Government to private sector businesses to encourage business participation in the ACT. Until 1 January 2025, the ACT offered the highest payroll tax threshold of all Australian states and territories.
- 17) The relatively high payroll tax threshold also meant private sector businesses were the largest beneficiaries of the Territory's tax expenditures, which contributes to ACT employment. The charitable sector, non-government schools and pensioners also significantly benefitted from various concession programs provided by the ACT Government across a range of tax lines.

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Table 1: Tax expenditures by revenue line

	Revenue forgone (\$'000)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Payroll Tax	209,825 ^r	212,533 ^r	213,542 ^r	222,523 ^r	231,584
Conveyance Duty	49,678	79,717	92,645	87,555	73,744
General Rates	35,724	49,219	23,928	22,889	23,587
Motor Vehicle Registration	11,977	12,376	13,109	15,360	18,960
Motor Vehicle Duty	9,462 ^r	9,443 ^r	9,058 ^r	18,261 ^r	24,508 ^r
Lease Variation Charge	4,072	17,519	1,953	375	384
Fire and Emergency Services Levy	2,933	2,939	3,075	3,109 ^r	3,228
Land tax	545 ^a	205 ^a	354 ^a	514 ^a	806 ^a
Water Abstraction Charge	438 ^a	469 ^a	155 ^a	188 ^a	258 ^a
Total	324,654^r	384,421^r	357,819^r	370,774^r	377,059^r

a – Actual costs. Others are estimated costs.

r – Revised. Estimate revised to reflect updated data sources and/or methods. Refer to the relevant section for more details.

Additional information – waivers and social concessions and supports

18) Apart from tax expenditures, the 2023-24 Statement contains additional information on waivers and social concessions and supports. While these items are not considered tax expenditures, they share similar features with tax expenditures in the way that they are provided by the ACT Government to reduce the financial liabilities of specific individuals, households or community groups. Total expenditure and take-up rate have been included in the appendices of the Statement.

- a. Tax waivers are not considered tax expenditures even though they reduce people's tax liabilities. This is because tax waivers are not supported by any policy measures; they are granted by the Commissioner for ACT Revenue on a case-by-case basis.
- b. The ACT Government provides a range of social concessions and supports to individuals and households in need, as well as to community groups. These policy measures provide direct financial assistance to their beneficiaries, reducing the amount they would otherwise have to pay for an essential, non-tax related expense. These policy measures do not fall under the tax system and are not tax expenditures and are reported separately under social concessions and supports.

Waivers

19) In 2023-24, the ACT Government granted 9 tax waivers under the Financial Management Act 1996 at a cost of \$110,000, representing a significant decrease of 83.4 per cent from the \$666,000 granted in 2022-23 (Table 2). The decrease in tax waivers was driven by decrease in lease variation charge waivers.

20) Tax waivers are also reported in directorates' annual financial statements. However, they are not reported on whole of government basis.

- a. In 2023-24, two directorates had tax administration responsibilities: the Environment, Planning and Sustainable Development Directorate was responsible for the administration of the Lease Variation Charge, and the Chief Minister, Treasury and Economic Development Directorate (ACT Revenue Office and Access Canberra) was responsible for the administration of all other taxes.

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Table 2: Tax waivers by revenue line¹

	2019-20		2020-21		2021-22		2022-23		2023-24	
	Number	\$'000	Number	\$'000	Number	\$'000	Number	\$'000	Number	\$'000
Payroll Tax ²	0	0	5	5,922	2	625	0	0	0	0
Conveyance Duty	0	0	1	11	0	0	0	0	3	75
Land Tax ²	8	33	8	457	8	82	4	10	4	21
General Rates	1	100	52	1,427	1	107	0	0	2	14
Land Rent	0	0	1	52	0	0	0	0	0	0
Lease Variation Charge	1	7	1	10	2	273	1	656	0	0
Total	10	140	67	7,879	13	1,087	5	666	9	110

Source: ACT Government data

Notes:

1. The number for waivers represents the number of signed waiver instruments, not the number of taxpayers being granted a waiver.
2. From 2020-21, payroll tax waivers and land tax waivers in the form of residential tenancy relief were dispensed as a waiver, a form of expense.

21) The 2023-24 Statement also includes information on the number and cost of other waivers for fees and charges. In 2023-24, the ACT Government provided 411 waivers of fees and charges in total, at the cost of \$433,000, a 23.4 per cent lower than the waivers provided in 2022-23 (\$566,000).

- a. The decrease in waivers of fees and charges in 2023-24 was mainly due to a 61.0 per cent decrease in the waiver for application fee to register and withdraw a Homes for Homes caveat to \$81,000, as well as a 24.3 per cent fall in the courts and tribunal fee waivers to \$103,000.
- b. This decrease in waivers of fees and charges was partially offset by an increase of 14.5 per cent in extension of time fee waivers to \$247,000.

Social concessions and supports

22) The Government provides social concessions and supports by way of revenue forgone and direct expenditure. In 2023-24, the total cost of social concessions and supports provided by the Government was \$231.1 million, with revenue forgone of \$190.4 million and direct expenditure of \$40.8 million. The total cost is 0.9 per cent higher than that in 2022-23 (\$229.1 million).

23) The Public housing rental rebate was by far the most significant social concession, which provided a total of 9,396 rebates with a value of \$136.8 million in revenue forgone. Other large expenditures for social concessions and supports in 2023-24 were:

- a. Utilities Concession, \$28.2 million in direct expenditure;
- b. Concessional and peppercorn leases for community groups, \$18.2 million in revenue forgone;
- c. ACTION bus and light rail concessions, totalling \$10.0 million in revenue forgone; and
- d. Special Needs Transport Program, \$6.8 million in revenue forgone.
- e. In 2023-24, Act of Grace payments constituted \$214,000 in direct expenditures.

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Revisions

- 24) The tax waivers for application fee to register and withdraw a Homes for Homes caveat have been revised for 2020-21 from \$0 up to \$127,000 for 460 cases, for 2021-22 from \$0 up to \$27,000 for 174 cases, for 2022-23 from \$0 up to \$208,000 for 743 cases to reflect updated data sources.
- 25) The tax waivers for road transport of infringement notice penalties have been revised for 2021-22 from \$0 up to \$6,000 for 2 cases, for 2022-23 from \$0 up to \$6,000 for 7 cases to reflect updated data sources.
- 26) Due to the revision in the tax waivers for application fee to register and withdraw a Homes for Homes caveat and road transport of infringement notice penalties, the total cost of waivers of fees and charges have been revised for 2020-21 from \$935,000 for 137 waivers to \$1.1 million for 597 waivers, for 2021-22 from \$701,000 for 72 waivers to \$734,000 for 248 waivers, and for 2022-23 from \$352,000 for 102 waivers to \$566,000 for 852 waivers.
- 27) The tax expenditures for ACT secondary bursary scheme have been revised upwards for 2021-22 from \$714,000 to \$2.2 million, downwards for 2022-23 from \$1.3 million to \$0 to reflect updated data sources changed from calendar year to financial year.
- 28) The tax expenditures for Future of education student equity fund have been revised upwards for 2022-23 from \$3.0 million to \$3.8 million to reflect updated data sources changed from calendar year to financial year.
- 29) Due to the revisions in the tax expenditures for ACT secondary bursary scheme in 2021-22 and Future of education student equity fund in 2022-23, the total direct expenditures for cost of concessions and supports have been revised for 2021-22 to \$35.2 million, and for 2022-23 to \$37.7 million.
- 30) The tax expenditures for ACTON bus concession have been revised upwards for 2020-21 from \$5.68 million to \$5.79 million, and for 2021-22 from \$3.90 million to \$3.97 million to reflect updated data sources.
- 31) The tax expenditures for Light rail concessions have been revised downwards for 2020-21 from \$1.5 million to \$1.4 million, and for 2021-22 from \$1.04 million to \$963,000 million to reflect updated data sources.
- 32) The tax expenditures for the Water and sewage rebate have been revised downwards for 2020-21 from \$5.47 million to \$5.45 million, for 2021-22 from \$5.36 million to \$5.34 million, and for 2022-23 from \$5.32 million to \$5.30 million to reflect updated data sources.
- 33) Due to the revisions in the revenue forgone for ACTON buses, light rail concessions and water and sewage, the total revenue forgone has been revised for 2021-22 to \$195.2 million.
- 34) The tax expenditures for Motor Vehicle Duty have been revised downwards for 2019-20 from \$9.9 million to \$9.5 million, and for 2020-21 from \$9.7 million to \$9.4 million; and upwards for 2021-22 from \$8.9 million to \$9.1 million, for 2022-23 from \$9.2 million to \$18.3 million, and for 2023-24 from \$6.8 million to \$24.5 million, to reflect updated data sources and methods.

Public release

- 35) The Chief Minister and the Treasurer will agree on the timing and method of publishing the 2023-24 Statement.

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FINANCIAL IMPACT

36) This Cabinet Submission **does not have financial impacts**. The 2023-24 Statement captures expenditures that have occurred based on policy decisions previously agreed.

37) Preparation of the 2023-24 Statement has been undertaken within existing Treasury resources.

WELLBEING IMPACT SUMMARY

38) The ACT Tax Expenditure Statement 2023-24 has been exempted from requiring a Wellbeing Impact Assessment.

CLOSING THE GAP - PRIORITY REFORMS

39) Nil.

CONSULTATION

External stakeholders

40) Nil.

ACT Government Agencies

41) Treasury has coordinated input from the ACT Revenue Office, Access Canberra, Infrastructure Canberra, the Environment, Planning and Sustainable Development Directorate, and the Justice and Community Services Directorate.

42) Within CMTEDD, consultation has also been undertaken with the ACT Revenue Office, Finance and Budget Group, Policy and Cabinet Division, and CMTEDD Strategic Finance.

MEDIA AND COMMUNICATIONS

43) The Tax Expenditure Statement is published annually on the ACT Treasury website.

IMPLEMENTATION

44) Nil.

HUMAN RIGHTS IMPACT

45) Nil.

ATTACHMENTS

- | | |
|---|--|
| A | Table of comments |
| B | Open Access Assessment |
| C | <i>ACT Tax Expenditure Statement 2023-24</i> |



TABLE OF COMMENTS

Attachment A

EXPOSURE DRAFT COMMENTS – 25/23

Exposure circulation undertaken: Full exposure circulation

Dates circulated: 17 April 2025 – 29 April 2025

<u>Directorate</u>	Comment	Response
CMTEDD	Lead Directorate.	
JACS	Supported.	
HD	Supported.	
CHS	Supported.	
EDU	Supported.	
TCCS	Supported.	
CSD	Supported.	
EPSDD	Supported.	
ICBR	Supported. The Tax Expenditure Statement presents an opportunity to also potentially capture the value of foregone revenue through Government provision of owned and leased accommodation at below market rates. This is typically provided to community groups which are registered as not-for-profit entities and provide for a broader public benefit. This gap in revenue that could otherwise be collected if the Government acted as a	<p>Thank you for reviewing and providing comments on the Tax Expenditure Statement. We are exploring the possibility of incorporating these additional concessions into future statements.</p> <p>We have informed the Treasurer, in the final lodgement, of our intent to review the scope, format and any further improvements to methods for the Tax Expenditure Statement. The review will consider additional concessions as part of the scope. Inclusion of Government-provided concessions on commercial leases (such as</p>

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	commercial landlord is not captured elsewhere publicly. iCBR could work with Treasury to capture this and explain the rationale for the foregone revenue publicly.	peppercorn and community rents), as identified by Infrastructure Canberra, would be covered as a part of the review.
Statutory Office Holder	Supported.	

FINAL COMMENTS – 25/23

Final circulation undertaken: Yes

Dates circulated: 19 May 2025 – 21 May 2025

<u>Directorate</u>	Comment	Response
CMTEDD	Lead Directorate.	
JACS	Supported.	
HD	Supported.	
CHS	Supported.	
EDU	Supported.	
TCCS	Supported.	
CSD	Supported.	
EPSDD	Supported.	
MPC	Supported.	
Statutory Office Holder	Supported.	

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OPEN ACCESS ASSESSMENT

CABINET DECISION AND WELLBEING IMPACT ASSESSMENT SUMMARY

Attachment B

The Chief Minister must proactively release the information described in section 23 of the *Freedom of Information Act 2016* (the FOI Act) unless the information is contrary to the public interest in accordance with sections 16 and 17, and schedules 1 and 2 of the FOI Act. Please refer to the [Cabinet SharePoint Site](#) for further guidance on what is within the scope of Open Access requirements.

If you believe that release of this information is within the scope of Open Access requirements and would be contrary to the public interest, please complete Part B.

Cabinet Number and title: 25/23 – ACT Tax Expenditure Statement 2023-24

Please select one of the following:

Proposed Release of Cabinet Decision Summaries - Please Complete Part A Only

PART A: Proposed Release or Delayed Release

[Proposed Summary](#) of the decision for public release

Cabinet agreed to the public release of the *ACT Tax Expenditure Statement 2023-24*.

Cabinet agreed that the Chief Minister and the Treasurer may agree the timing and method of publishing the *ACT Tax Expenditure Statement 2023-24*, including as part of the 2025-26 Budget papers.

Proposed summary of the [Wellbeing Impact Assessment for](#) public release

Nil

If a Wellbeing Impact Assessment is not required, please select from the following:

Written exemption received from Cabinet Office

Other releases – how will the community be informed of the decision of Cabinet?

Expected Milestone for Release	Published on Directorate website Click here to enter text.
Expected milestone completion date	11 June 2025

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ACT
Government

Chief Minister, Treasury and
Economic Development

Australian Capital Territory
**Tax Expenditure
Statement
2023-24**

ACT Treasury

May 2025

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1 SCOPE

Tax expenditures arise from government policies that forgo revenue to achieve positive social, community or economic outcomes.

In the ACT context, tax expenditures reduce the tax liabilities of specific groups of taxpayers and activities by way of exemptions, concessions or incentives.

The *ACT Tax Expenditure Statement 2023-24* outlines tax expenditures provided by the ACT Government in 2023-24 based on the taxation policies in that financial year and compares them with those in 2022-23. Historical information from 2019-20 to 2021-22 is also presented in the statement.

Policy settings to which the expenditures relate may be subject to changes by the ACT Government depending on Government strategies and priorities. Future Tax Expenditure Statements will include these changes.

This statement does not cover the following.

- a. Progressive tax scales designed to promote fairness in the tax system. Progressive tax scales, such as those for household general rates, are outside the scope of this statement, as this type of progressivity makes the distribution of tax fairer and more equitable. Such arrangements are not a subsidy for people on the lower end of the tax scale.

However, this is to be distinguished from differing tax rates being used as a price signal. In such cases, the aim is to influence taxpayers' behaviour as a matter of policy. One such example is the Vehicle Emission Reduction Scheme. While the scheme charges a lower duty on low emission cars, it charges more on higher emission cars. By doing this, the scheme can influence buyers' choices. This type of differentiation is within the scope of this statement.

- b. Tax exemptions that result in no real net benefit for the recipient. These measures are typically in place to prevent unintended consequences from broad brush legislation. For example, accommodation allowances paid to reimburse an employee are exempt from payroll tax. The intent of this exemption is to define the coverage of payroll tax, rather than to provide a tax concession. These types of provisions are outside the scope of this statement.
- c. Tax arrangements that are outside the policy control of the ACT Government. For example, the Commonwealth Government's exemptions from ACT taxes¹ are excluded.
- d. The ACT Government General Government Sector's tax exemption. This exemption is excluded from the scope of this statement as any tax on this sector represents an internal transfer of funds within the ACT Government.

ACT Government Business Enterprises are included within the scope of this statement. Any exemption provided to these entities would be treated as a tax expenditure.

Tax exemptions provided to the charitable sector to support their community programs and outreach also fall within the scope of this statement.

¹ Commonwealth Government includes its Government Business Enterprises.

Notes

The actual costs of tax expenditures are reported where possible. If an actual amount is not available, an estimated cost is reported. Both actuals and estimates are rounded to the nearest \$1,000 for reporting purposes.

The line items in the tables may not add up to the totals due to rounding.

Tax expenditures may have a nil value presented:

- when a value is not zero but is rounded to zero;
- when no or a negligible amount of tax expenditure has been incurred for the concession scheme; or
- when tax expenditures are not applicable to the concession scheme as it did not operate in that financial year.

Terms and definitions

Not-for-profit organisation

Organisations that do not operate for the profit, personal gain or other benefit of particular people.

Charity

A subsector of not-for-profit organisations that are undertaken for a religious, educational, benevolent or charitable purpose, and not for securing pecuniary profits to their members, for example:

- religious institutions;
- poverty relief organisations;
- cultural, educational and health promotion organisations; and
- organisations that operate solely to promote the wellbeing and welfare of society.

Charities are eligible for tax concessions and exemptions under ACT tax laws.

Excluded organisation

Entities that cannot receive a charity designation in relation to ACT taxes under ACT tax laws, including:

- political parties;
- industrial organisations (trade unions);
- professional organisations;
- organisations that promote trade, industry or commerce; and

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- other organisations prescribed by regulation.

These entities are known as 'excluded organisations'. An excluded organisation may still be eligible for tax concessions under ACT tax laws, provided it has obtained a 'beneficial organisation determination'.

Beneficial organisation determination

Certain excluded organisations may apply to the Commissioner for ACT Revenue for a beneficial organisation determination. If approved, the recipient organisation will be eligible for tax concessions under ACT tax laws in a similar manner to charities.

The following excluded organisations may apply for a beneficial organisation determination:

- professional organisations;
- organisations that promote trade, industry or commerce; and
- other organisations prescribed by regulation.

The charitable sector

For this statement, the charitable sector refers to any type of not-for-profit entity that is eligible for tax concessions under ACT tax laws, regardless of it being a charity or a recipient of a beneficial organisation determination. The charitable sector does not include non-government schools or hospitals, which are accounted for separately in this statement.

2 OVERVIEW

The *ACT Tax Expenditure Statement 2023-24* identifies and quantifies tax exemptions, concessions and incentives provided by the ACT Government in 2023-24 and compares them with those in 2022-23.

This statement is prepared to:

- provide information on the ACT tax system; and
- inform the ACT Government’s policy considerations.

Tax expenditures are important levers for the ACT Government to achieve its social, community and economic objectives. For example, they may be targeted at community organisations to achieve a social goal – such as exemptions provided for private schools on charges like the Fire and Emergency Services Levy; exemptions for vulnerable cohorts within the community to support their wellbeing such as the Pensioner General Rates Rebate; and exemptions for particular groups of businesses to attract or retain their operations such as the payroll tax free threshold provided to small businesses.

Tax expenditures can be less visible than direct expenditures, as the costs of tax expenditures reflect revenue that the Government does not receive. Forgone revenue is often not readily observable.

The costings in this statement are based on the revenue forgone approach, which measures the cost of a tax expenditure based on the value of benefits it provides. For a demand driven tax expenditure, its cost is calculated as:

$$\text{Value of tax benefit per recipient} \times \text{Number of recipients}$$

The actual cost of a tax expenditure is reported in this statement where the ACT Government holds all the relevant data about this tax expenditure. Otherwise, costs are estimated using other data sources. Notations are used in the tables to distinguish between the estimated and actual costs.

The estimated costs should be interpreted with care as estimates rely on data availability and specific assumptions. Tax-related data are generally collected from taxpayers and where tax is not collected, assumptions are used to estimate the value of the tax expenditure. These costings are based on the best possible information available.

In addition, revenue forgone from a tax expenditure is often not the same as the extra revenue to be expected from the removal of the associated tax concession or exemption. This is because the latter is subject to behavioural changes by taxpayers. When a tax concession or exemption is removed, taxpayers will react to the change, which may affect the related revenue outcomes. The revenue forgone approach does not account for such behavioural changes.

Care should also be taken when comparing the ACT’s tax expenditures with those reported in other jurisdictions as the scope of tax expenditure statements, as well as the definitions, benchmarks and measurement for tax expenditures may differ.

The statement also has two attachments. Attachment A outlines the waivers on taxes and fees granted. Attachment B outlines the targeted social concessions and supports provided by the ACT Government.

COVID-19 support measures

A small amount of COVID-19 related expenditures occurred in 2023-24 and are reported here.

The COVID-19 pandemic, and associated restrictions implemented by governments to contain the spread of the virus, caused significant disruptions to economic activity and people movement within Australia and across the globe.

The ACT Government's COVID-19 response and support was designed to be responsive, targeted, and in most cases, time limited, as well as being complementary to the support provided by the Commonwealth. The support measures provided targeted assistance to sectors of the economy that were adversely affected by public health restrictions put in place to control transmission. These measures evolved over time, reflecting the evolution of the pandemic through the Delta and the Omicron outbreaks and the associated economic consequences on business and households.

A comprehensive range of support measures were announced during the COVID-19 pandemic to support industry and the parts of the economy most in need. These initiatives were outlined in a Ministerial Statement on the ACT Economic Response to COVID-19 presented by the Treasurer to the Legislative Assembly on 18 June 2020. Further announcements were made by the Government in the following months and were outlined in the August 2020 Economic and Fiscal Update, released on 27 August 2020. The 2022-23 Budget also contained a range of measures that extended support previously provided or provided additional support to sectors that continued to be affected by the economic impacts of the pandemic. The Community Services Directorate Annual Report 2022-23 also reported these initiatives.²

For own-source taxation revenue, these measures cost the Government \$1.6 million in 2023-24 across revenue initiatives such as the residential rates rebate and owner occupier duty concession. These initiatives are reflected as tax expenditures in this statement under the corresponding sections where applicable. This statement is focused on the support provided in 2023-24.

² See [Community Services Directorate - Annual Report 2022-23](#)

3 TOTAL TAX EXPENDITURE

In 2023-24, the ACT Government's total revenue forgone is estimated to have been \$377.1 million, an increase of 1.7 per cent (or \$6.3 million) from 2022-23. This is equivalent to 4.4 per cent of the ACT's total direct expenditure for 2023-24,³ which is 0.2 percentage points lower than 2022-23 (4.6 per cent). The average share of tax expenditures to total direct expenditure for the five years between 2019-20 to 2023-24 was 4.8 per cent. The average for the four-year pre-pandemic period between 2015-16 to 2018-19 was 5.0 per cent.

In 2023-24, payroll tax, motor vehicle duty and motor vehicle registration expenditures had the highest increase in the Government's total tax expenditures.

Payroll tax expenditures increased by \$9.1 million in 2023-24, mainly driven by a rise in the number of small and medium businesses who were exempt from the tax-free threshold and exempt employers for the charitable sector and non-government schools.

Motor vehicle duty tax expenditures increased by \$6.2 million in 2023-24 mainly due to an increase in the number of zero and low emission vehicles, which receive concessions under the Vehicle Emission Reduction Scheme (VERS).

Motor vehicle registration tax expenditures increased by \$3.6 million in 2023-24, with the largest increases for pensioners and concessions to gas and electric vehicles.

The decrease in the Government's total tax expenditures in 2023-24 was driven by falls in tax expenditures on conveyance duty in line with a slowing property market.

Conveyance duty tax expenditures decreased by \$13.8 million per cent in 2023-24, with decreases in the duty concessions to the Home Buyer Concession Scheme, COVID-19 support to owner occupiers and duty exemptions to community housing.

Table 1 shows that revenue forgone in 2023-24 was highest for payroll tax at \$231.6 million, followed by conveyance duty at \$73.7 million and motor vehicle duty at \$24.5 million. Payroll tax represents the largest tax expenditure and reflects that until 1 January 2025, the ACT had the highest tax-free threshold in the country, and that approximately more than 85 per cent of the number of local Canberra businesses do not pay any payroll tax.

³ ACT's total direct expenditure was \$8.658 billion in 2023-24 and \$8.034 billion in 2022-23

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Table 1: Tax expenditures by revenue line

	Revenue forgone (\$'000)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Payroll Tax	209,825 ^r	212,533 ^r	213,542 ^r	222,523 ^r	231,584
Conveyance Duty	49,678	79,717	92,645	87,555	73,744
General Rates	35,724	49,219	23,928	22,889	23,587
Motor Vehicle Registration	11,977	12,376	13,109	15,360	18,960
Motor Vehicle Duty	9,462 ^r	9,443 ^r	9,058 ^r	18,261 ^r	24,508 ^r
Lease Variation Charge	4,072	17,519	1,953	375	384
Fire and Emergency Services Levy	2,933	2,939	3,075	3,109 ^r	3,228
Land tax	545 ^a	205 ^a	354 ^a	514 ^a	806 ^a
Water Abstraction Charge	438 ^a	469 ^a	155 ^a	188 ^a	258 ^a
Total	324,654^r	384,421^r	357,819^r	370,774^r	377,059^r

a – Actual costs. Others are estimated costs.

r – Revised. Estimate revised to reflect updated data sources and/or methods. Refer to the relevant section for more details.

Table 2 lists the ten largest tax expenditures in the ACT in 2023-24.

Table 2: Top ten tax expenditures

		Revenue forgone (\$'000)				
		2019-20	2020-21	2021-22	2022-23	2023-24
1	Payroll tax – tax free threshold for private sector businesses	157,000	160,000	164,000	171,000	178,000
2	Conveyance duty – Home Buyer Concession Scheme	44,274 ^a	64,190 ^a	83,267 ^a	76,828 ^a	68,682 ^a
3	Payroll tax – charitable sector exemption	20,808	21,162	21,691	22,558	23,461
4	Motor vehicle duty – Vehicle Emission Reduction Scheme	8,411	7,894	7,236	16,088	22,309
5	Payroll tax – non-government schools exemption	19,768	20,104	20,606	21,430	22,288
6	Motor vehicle registration – pensioner remission	11,704 ^a	11,918 ^a	12,007 ^a	12,379 ^a	12,971 ^a
7	General rates – pensioner rebate	9,059 ^a	9,297 ^a	9,914 ^a	9,745 ^a	9,754 ^a
8	General rates – Non-government schools exemption	5,990	6,337	6,838	7,262	7,712
9	Payroll tax – private hospital exemption	6,242	6,349	6,507	6,768	7,038
10	Conveyance duty - owner occupier concession scheme	-	8,793 ^a	7,605 ^a	6,752 ^a	1,613 ^a

a – Actual costs. Others are estimated costs.

1. For the purposes of this statement, the charitable sector does not include non-government schools or hospitals, which are costed as separate categories.

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Table 3 shows tax expenditures by sector. For 2023-24, small and medium businesses falling below the payroll tax threshold accounted for the largest share of total tax expenditures, followed by home buyers and non-government schools.

Table 3: Tax expenditures by sector

	Revenue forgone (\$'000)				
	2019-20	2020-21	2021-22	2022-23	2023-24
The business sector	157,000	160,000	164,000	171,000	178,000
Payroll tax threshold	157,000	160,000	164,000	171,000	178,000
Home buyers	45,275^a	73,609^a	91,417^a	84,256^a	71,045^a
Home Buyer Concession Scheme	44,274 ^a	64,190 ^a	83,267 ^a	76,828 ^a	68,682 ^a
Owner Occupier Duty Concession	0	8,793 ^a	7,605 ^a	6,752 ^a	1,613 ^a
Pensioner Duty Concession Scheme	909 ^a	626 ^a	545 ^a	657 ^a	749 ^a
Disability Duty Concession Scheme	92 ^a	0	0	19 ^a	0
The charitable sector¹	27,043	30,634	27,360	28,135	29,203
Payroll tax	20,808	21,162	21,691	22,558	23,461
General rates	3,760	3,978	4,292	4,558	4,841
Conveyance duty	1,844 ^a	4,801 ^a	739 ^a	347 ^a	160 ^a
Fire and Emergency Services Levy	594	604	619	644	670
Motor Vehicle Duty	41 ^r	97 ^r	19 ^r	29 ^r	78 ^r
Non-government schools¹	26,665	27,364	28,390	29,676	31,023
Payroll tax	19,768	20,104	20,606	21,430	22,288
General rates	5,990	6,337	6,838	7,262	7,712
Fire and Emergency Services Levy	907	923	946	984	1,023
Pensioners	22,087^a	22,517^a	23,318^a	23,488^a	24,138^a
Motor vehicle registration	11,704 ^a	11,918 ^a	12,007 ^a	12,379 ^a	12,971 ^a
General rates rebate	9,059 ^a	9,297 ^a	9,914 ^a	9,745 ^a	9,754 ^a
Fire and Emergency Services Levy rebate	1,324 ^a	1,302 ^a	1,397 ^a	1,364 ^a	1,413 ^a
Non-government hospitals¹	7,063	7,214	7,435	7,750	8,079
Payroll tax	6,242 ^r	6,349 ^r	6,507 ^r	6,768 ^r	7,038
General rates	713	755	815	865	919
Fire and Emergency Services Levy	108	110	113	117	122
Others	39,517	63,076	15,899	26,468	35,565
Total	324,654^r	384,421^r	357,819^r	370,774^r	377,059^r

a – Actual costs. Others are estimated costs.

r – Revised. Estimates revised to reflect updated data sources and/or methods.

1. For the purposes of this statement, the charitable sector does not include non-government schools or hospitals, which are accounted for separately.

4 TAX EXPENDITURES BY REVENUE LINE

Payroll tax

Payroll tax is a self-assessed state and territory tax levied on an employer's payroll. In the ACT, a business is liable for payroll tax if their payroll is \$2 million or more per year in wages Australia-wide, and the tax is calculated based on wages paid or payable in relation to services performed in the ACT. The total taxable payroll includes wages and salaries, allowances, superannuation, fringe benefits and contractor payments.

Table 4 shows that the Territory's tax expenditure on payroll tax was \$231.6 million in 2023-24, a 4.1 per cent (or \$9.0 million) increase from the 2022-23 tax expenditure of \$222.5 million. The increase was mainly due to growth in wages paid in the ACT under the tax-free threshold⁴ and an increase in the estimated expenditures for exempt employers.

Table 4: Payroll tax – tax expenditures

	Revenue forgone (\$'000)				
	2019-20 ^e	2020-21 ^e	2021-22 ^e	2022-23 ^e	2023-24 ^e
Tax-free threshold for private sector businesses	157,000	160,000	164,000	171,000	178,000
Exempt employers					
The charitable sector ¹	20,808 ^r	21,162 ^r	21,691 ^r	22,558 ^r	23,461
Non-government schools ¹	19,768 ^r	20,104 ^r	20,606 ^r	21,430 ^r	22,288
Non-government hospitals ¹	6,242 ^r	6,349 ^r	6,507 ^r	6,768 ^r	7,038
Exempt wages					
Group Training Organisations – trainees and apprentices	468 ^r	476 ^r	488 ^r	508 ^r	528
Long term unemployed	218 ^r	222 ^r	228 ^r	237 ^r	246
Building and construction industry – the portable leave scheme	21	21	22	23	23
COVID-19 support					
Payroll tax waivers ²	3,300	0	0	0	0
Payroll tax exemption for new apprentice or trainee wages	-	0	0	0	0
Payroll tax exemption for JobKeeper Payments ³	2,000	4,200	0	0	0
Total	209,825^r	212,533^r	213,542^r	222,523^r	231,584

e – Estimated costs. r – Revised. Estimates revised to reflect updated data sources.

- For the purposes of this statement, the charitable sector does not include non-government schools or hospitals.
- From 2020-21, payroll tax waivers for businesses were provided as administrative waivers, a form of expense. This is different from its treatment in 2019-20, when the support was provided as payroll tax credits, a form of revenue forgone. Refer to 'Table 1A – Tax waivers by revenue line' under Attachment A for details from 2023-24¹.
- COVID-19 support in the form of a payroll tax exemption for JobKeeper payments is self-assessed by taxpayers. No data is available from returns.

⁴ The payroll tax threshold in 2023-24 was \$2 million, unchanged from 2022-23.

Tax-free threshold

Employers (or groups of employers) with an annual total Australia-wide taxable payroll of under \$2 million are not liable for payroll tax in the ACT. Employers (or groups of employers) with annual total Australia-wide taxable wages of \$2 million or more pay payroll tax on the portion of employer's total ACT wages that exceed the threshold.

If an employer also pays wages in other jurisdictions, the threshold entitlement of the employer will be lowered based on the proportion of the employer's (or group of employers') Australia-wide wages that is paid to ACT employees.

The threshold entitlement of an employer may also be reduced if they are part of an employer group. This is because under the grouping provisions only one member of the group is entitled to claim the threshold.

The tax expenditure under this category only relates to private sector businesses. It does not cover any public sector business enterprises, nor does it cover not-for-profit entities (though also part of the private sector) such as non-government schools/hospitals and charities.

The benchmark tax-free threshold is assumed to be zero, meaning that any amount of tax-free threshold is regarded, hypothetically, as a concessional treatment. The benchmark tax rate is assumed at the normal tax rate of 6.85 per cent (the 2023-24 rate). These parameters are adopted purely for costing purposes. The value of revenue forgone relates to taxable wages both above and below the threshold.

The charitable sector

The charitable sector is exempt from payroll tax. This includes charities as well as organisations that have a beneficial organisation determination approved. The costing is based on all wages in the sector, including wages below the threshold.

Non-government schools

Independent and Catholic schools up to the secondary level are exempt from payroll tax. The costing is based on all wages in the sector, including wages below the threshold.

Non-government hospitals

Non-government hospitals are exempt from payroll tax. The costing is based on all wages in the sector, including wages below the threshold.

Group Training Organisations – trainees and apprentices

Group Training Organisations (GTOs) arrange work placements for trainees and apprentices with host firms. A GTO is the responsible employer for its trainees and apprentices, including the administration of payroll. The trainees and apprentices' wages are exempt from payroll tax.

Other wage expenses incurred by the GTO, such as those related to corporate staff, are subject to payroll tax as normal, with an entitlement to the tax-free threshold.

Long-term unemployed

This exemption applies where an employer hires an employee who was previously unemployed for 12 months or longer. These employees' wages are exempt from payroll tax for the first 12 months of their employment.

Building and construction industry – portable leave scheme

Employers in the building and construction industry make periodic contributions to the portable long service leave scheme (administered by the ACT Long Service Leave Authority). These contributions are made to fund the employees' leave entitlements, akin to superannuation contributions. However, unlike superannuation, which is a component of the taxable payroll, the long service leave contribution is exempt from payroll tax.

Other industrial portable leave schemes are not exempt from payroll tax.

COVID-19 support – payroll tax waivers

The Government provided businesses whose operations were directly affected by restrictions and prohibitions as part of the COVID-19 public health response a six-month waiver of payroll tax from 1 April to 30 September 2020. Businesses covered included hotels, clubs, cafes, restaurants, creative arts and entertainment industries, gyms and indoor sporting venues, cinemas, beauty therapists and nail salons. Businesses unable to operate, or only able to operate on a very limited basis, due to ACT Government health-related restrictions between 1 October 2020 and 30 June 2021 could access a further payroll tax waiver. This support finished on 30 June 2021.

COVID-19 support – new apprentice or trainee wages

Wages paid to apprentices or trainees employed after 1 August 2020 were exempt from payroll tax for the period from the start of employment until 30 June 2022. To ensure this applies only to new employees, the apprentice or trainee cannot have been employed by the business (or another business within the payroll tax group) at any time during the previous month from when the employment commenced. This support was not extended further and ceased as on 30 June 2022.

COVID-19 support – payroll tax exemption for JobKeeper payments

The Government provided an exemption from payroll tax for payments made under the Commonwealth Government's JobKeeper support package from 30 March 2020 to 28 March 2021. This support is a self-assessed exemption and estimates are reported based on assessment of returns. This support was not extended further and ceased as on 28 March 2021.

General rates and Fire and Emergency Services Levy⁵

General rates and the Fire and Emergency Services Levy are taxes on residential and commercial properties in the ACT.

For both unit-titled and non-unit titled residential properties, general rates comprise of a fixed charge and a variable charge. However, the ways in which those charges are determined are different for the two types of property. This is to establish greater equity in general rates paid between unit titled and non-unit titled properties.

From the 2021-22 rating year and after, the variable charge of a residential property is calculated by applying a progressive rating factor to the property's average land value of the past five years (the Average Unimproved Value). Note that the Government improved the stability and predictability of general rates for taxpayers by completing the transition from calculating the Average Unimproved Value from a three-year to a five-year average of unimproved land value in 2021-22.

The Fire and Emergency Services Levy is a fixed amount across all residential properties, regardless of their land values.

Like residential properties, general rates for commercial properties also consist of a fixed charge and a variable charge, with the variable charge being calculated based on the Average Unimproved Value of the properties.

Unlike residential properties, however, the Fire and Emergency Services Levy for commercial properties comprises a variable charge, which is imposed on the Average Unimproved Value of the properties using a set of marginal tax rates determined for the levy that is different from the rates determined for commercial general rates.

Table 5 shows that the Territory's tax expenditure on general rates concessions was \$23.6 million in 2023-24, an increase of 3.1 per cent (or \$0.7 million) from 2022-23. This increase was mainly driven by increases in non-government schools' exemption and not-for-profit sector exemption. The increase was partially offset by a decline in COVID-19 stimulus due to expiration in the Government's support to households and businesses during the COVID-19 pandemic.

Table 6 shows the ACT's tax expenditure on the Fire and Emergency Services Levy was \$3.2 million in 2023-24, a 3.8 per cent increase from 2022-23. This was driven by residential rebate provided to pensioners.

⁵ From 1 July 2024, this was renamed as the Police, Fire and Emergency Services Levy.

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Table 5: General rates – tax expenditures

	Revenue forgone (\$'000)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Residential property					
Pensioner rebate	9,059 ^a	9,297 ^a	9,914 ^a	9,745 ^{a,r}	9,754 ^a
Commercial property					
Not-for-profit sector exemption	3,760	3,978	4,292	4,558	4,841
Non-government schools exemption	5,990	6,337	6,838	7,262	7,712
Non-government hospitals exemption	713	755	815	865	919
Small clubs and car park spaces fixed charge exemption	318 ^a	320 ^a	323 ^a	341 ^a	360 ^a
COVID-19 support					
Commercial rates fixed charge rebate	15,876 ^a	0	0	0	0
Commercial rental relief and owner-occupier rebate	8 ^a	2,521 ^a	1,691 ^a	106 ^a	0
Residential rates rebate	0	26,011 ^a	55 ^a	12 ^a	2 ^a
Total	35,724	49,219	23,928	22,889	23,587

a – Actual costs. Others are estimated costs.

r – Revised. Estimates revised to reflect updated data sources.

Table 6: Fire and Emergency Levy – tax expenditures

	Revenue forgone (\$'000)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Residential property					
Pensioner rebate	1,324 ^a	1,302 ^a	1,397 ^a	1,364 ^a	1,413 ^a
Commercial property					
Not-for-profit sector exemption	594	604	619	644	670
Non-government schools exemption	907	923	946	984	1,023
Non-government hospitals exemption	108	110	113	117	122
Total	2,933	2,939	3,075	3,109	3,228

a - Actual costs. Others are estimated costs.

Pensioner rates rebate

A property owner who receives a Commonwealth Government or Department of Veterans' Affairs pension and is entitled to a Pensioner Concession Card or a War Veteran's pension is eligible for the pensioner general rates rebate. Rebate assistance applies only to the owner's principal place of residence.

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From 2021-22, the rebate is a 50 per cent reduction in rates capped at \$750, and there is also a rebate of \$98 on the Fire and Emergency Services Levy.

From 1 July 2016, the rebate under the uncapped scheme is frozen at 2015-16 level if it exceeds \$750.

Pensioner Fire and Emergency Services Levy rebate

A property owner who is eligible for the pensioner general rates rebate is also eligible for the pensioner Fire and Emergency Services Levy rebate.

In 2023-24, the Fire and Emergency Services Levy was a fixed amount of \$375 per property⁶ and the rebate was \$98 per property, regardless of the property's land value.

The charitable sector

The charitable sector⁷ is exempt from commercial general rates and the Fire and Emergency Services Levy for properties they own and use for charitable purposes.

Non-government schools

Independent and Catholic schools up to the secondary level are exempt from general rates and the Fire and Emergency Services Levy.

Non-government hospitals

Non-government hospitals that do not operate for a profit are exempt from general rates and the Fire and Emergency Services Levy.

For-profit hospitals and clinics are not exempt.

Small clubs and car park spaces fixed charge exemption

The Government provides rates relief to some small community clubs and unit titled car park spaces, by exempting them from the fixed charge component of commercial general rates. The fixed charge for commercial general rates was \$2,622 for all commercial properties. These clubs and owners of car park spaces remain liable for the variable charge component of commercial general rates, as well as the Fire and Emergency Services Levy.

This program will be reviewed at the end of 2023-24.⁸

COVID-19 support

The Government provided a full rebate to eligible commercial property owners on their commercial rates fixed charge in 2019-20 financial year. This support ceased as on 30 June 2020. Also, the Government provided commercial rental relief and owner-occupier rebate to eligible

⁶ See Disallowable Instrument DI2023-160.

⁷ The charitable sector for this purpose includes charities and organisations that have a beneficial organisation determination approved. One exception, though, is the community housing sector, which is subject to general rates and the Fire and Emergency Services Levy as normal.

⁸ See Notifiable Instrument NI2020-776.

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commercial property owners from 1 April 2020 to 31 January 2021. This declaration was reinstated from 1 August 2021 to 31 December 2021 for support during the Delta and the Omicron outbreak. In 2020-21, the Government provided a one-off \$150 rates rebate to help offset general rates increases to provide relief to households challenged by the COVID-19 pandemic. More details of COVID-19 supports are reported in the 2022-23 ACT Tax expenditure statement

Land tax

Land tax applies to all residential properties in the ACT that are not a principal place of residence. This includes both rented properties and those which are vacant, properties owned as a trustee, and rented dwellings on the same property as a person's home (such as a granny flat).

Table 7 shows that the Territory's tax expenditure on land tax was around \$806,000 in 2023-24, 56.8 per cent higher than that in 2022-23. The rise was driven by an increase in the affordable community housing exemptions provided.

Table 7: Land tax – tax expenditures

	Revenue forgone (\$'000)				
	2019-20 ^a	2020-21 ^a	2021-22 ^a	2022-23 ^a	2023-24 ^a
Affordable community housing exemption	87	205	354	514	806
COVID-19 support					
Residential tenancy relief ¹	458	0	0	0	0
Total	545	205	354	514	806

a – Actual costs.

1. Refer to previous statement for details of the COVID-19 support – residential tenancy relief scheme. From 2020-21, residential tenancy relief was provided as administrative land tax waivers, a form of expense. This is different from 2019-20, when the support was provided as land tax credits, a form of revenue forgone. Refer to Table 1A – Tax waivers by revenue line in Attachment A for details in 2023-24.

Affordable community housing exemption

The ACT Government provides a land tax exemption for properties rented at less than 75 per cent of the market rent through a registered community housing provider. This exemption is part of the Government's Housing Strategy to provide affordable community housing to people in the low to moderate income brackets, who may not qualify for public housing and are susceptible to housing stress in the private rental market. This measure commenced on 28 March 2019. The cap on the number of properties that can access the scheme was increased from 125 to 250 properties from 2 February 2021.⁹

⁹ See Determination DI2021-18 and DI2023-48.

Conveyance Duty

Conveyance duty is levied on the agreement for the sale or transfer of land, a Crown lease or a land use entitlement for residential and commercial properties located in the ACT. The duty rates are generally applied to the transfer value of the property.

Table 8 shows that the Territory's tax expenditure on conveyance duty was \$73.7 million in 2023-24, a decrease of 15.8 per cent (or \$13.8 million) from 2022-23. Reflecting a slowdown in the property market more generally, there were decreases in most of the duty exemptions and concessions except the Loose-fill Asbestos Insulation Eradication Buyback Concession Scheme.

Table 8: Conveyance Duty – tax expenditures

	Revenue forgone (\$'000)				
	2019-20 ^a	2020-21 ^a	2021-22 ^a	2022-23 ^a	2023-24 ^a
Duty exemption					
Community housing	2,058	1,200	468	2,865	2,419
Duty concessions					
The charitable sector	1,844	4,801	739	347	160
Loose-fill Asbestos Insulation Eradication Buyback Concession Scheme	501	107	21	87	119
Home buyer assistance					
Home Buyer Concession Scheme	44,274	64,190	83,267	76,828	68,682
Pensioner Duty Concession Scheme	909	626	545	657	749
Disability Duty Concession Scheme	92	0	0	19	0
Owner Occupier Duty Concession/Off the plan Unit Duty Exemption	0	8,793	7,605	6,752	1,613
Total	49,678	79,717	92,645	87,555	73,744

a – Actual costs. Others are estimated costs.

Community housing

Declared community housing providers¹⁰ are exempt from conveyance duty on purchases of properties that are used for community housing.

Loose-fill Asbestos Insulation Eradication Buyback Concession Scheme

This scheme forms part of the ACT Government's broader strategies to eradicate loose-fill asbestos in the Territory. Mr Fluffy homeowners who opted into the voluntary buyback program are eligible for a duty concession on the purchase of a replacement property.¹¹

¹⁰ Declared community housing providers include Housing ACT and Community Housing Canberra. Housing ACT is a Public Trading Enterprise reporting as a not-for-profits entity, which is included in the scope of this statement.

¹¹ See Determination DI2017-289.

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The value of the concession is linked to the value of the property surrendered (the asbestos affected property). If the new purchase is valued at less than that of the property surrendered (a “downsize”), duty will be fully offset.

If the purchase is valued more than the property surrendered, there will be a partial duty payable on the price differential, that is:

- duty calculated on the new property (the higher amount);
minus
- duty credit on the surrendered property (the lower amount).

The charitable sector

The charitable sector¹² is exempt from duty on transfers of properties.

Home Buyer Concession Scheme

In 2023-24, the Home Buyer Concession Scheme was available to eligible first home buyers, as well as buyers who have not owned a property in the previous two years.

Prior to 1 July 2019, to access the concession, the applicant had to purchase a new residential property or a vacant block of land, satisfy the ownership test, household income test, property value test and residency requirements. In addition, the applicant had to continuously live in the property for 12 months or more after moving in.

From 1 July 2019, the concession was extended to all residential properties in the ACT, including established homes. The property value thresholds were also removed, allowing residential properties at any price to be eligible for the concession.

Pensioner Duty Concession Scheme

The Pensioner Duty Concession Scheme was available to age pensioners from Centrelink or Department of Veterans’ Affairs, disability support pensioners aged 50 and over, or a person who held a Department of Veterans’ Affairs’ Gold Card for more than one year. Also, the applicant had to continuously live in the property for 12 months or more after moving in. The purchase had to take place within 12 months of the sale of the applicant’s previous property.

Table 9 shows the transactions thresholds for the Pensioner Duty Concession over the course of 2023-24.

**Table 9: Pensioner Duty Concession Scheme, property value thresholds,
1 July 2023 to 30 June 2024¹³**

	Lower threshold No duty for purchases up to the lower threshold	Upper threshold No concession for purchases over the upper threshold
Dwelling	\$550,000	\$765,000

¹² The charitable sector includes charities and organisations that have a beneficial organisation determination approved.

¹³ See Disallowable Instrument DI2023-165, which commenced on 1 July 2023 and expired on 26 November 2023.

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	Lower threshold No duty for purchases up to the lower threshold	Upper threshold No concession for purchases over the upper threshold
Vacant block	\$423,000	\$500,000

For purchases valued less than or equal to the lower threshold, no duty is applied. For purchases valued between the lower threshold and the upper threshold, concessional duty is applied. No concession is available for purchases where the values exceed the upper threshold.

Disability Duty Concession Scheme¹⁴

The Disability Duty Concession Scheme commenced on 1 July 2016. It is available to individuals with a long-term and permanent disability.

To access the concession, the applicant must qualify for an individual funding package under the National Disability Insurance Scheme, satisfy the ownership test and residency requirements. In addition, the total value of the home (or vacant land) purchased must be \$1,000,000 or less for a transaction on or after 1 July 2022, or \$750,000 or less for a transaction in the period 1 July 2016 to 30 June 2022, and the applicant must acquire at least 51 per cent interest in the home.

Owner Occupier Duty Concession/Off the Plan Unit Duty Exemption

The Off the Plan Unit Duty Exemption exempts from stamp duty, unit-titled apartments and townhouses purchased off-the-plan by owner occupiers, for up to the following amounts:

- From 27 November 2023 to 30 June 2024: \$800,000.¹⁵
- From 1 July 2023 to 26 November 2023: \$700,000.¹⁶
- From 1 April 2022 to 30 June 2023: \$600,000.¹⁷
- From 4 June 2020 to 31 March 2022: \$500,000.¹⁸

From 4 June 2020 to 30 June 2021, vacant residential blocks purchased by owner occupiers were also exempt from stamp duty, and unit-titled apartments and townhouses purchased off-the-plan by owner occupiers between \$500,000 and \$750,000 were entitled to a stamp duty reduction of \$11,400.

¹⁴ See Disallowable Instrument DI2022-159, which commenced on 1 July 2022 and expired on 30 June 2023.

¹⁵ See Disallowable Instrument DI2023-275, which commenced on 27 November 2023 and expired on 30 June 2024.

¹⁶ See Disallowable Instrument DI2023-164, which commenced on 1 July 2023 and expired on 26 November 2023.

¹⁷ See Disallowable Instrument DI2022-31, which commenced on 1 April 2022 and expired on 30 June 2023.

¹⁸ See Disallowable Instrument DI2020-205, which commenced on 4 June 2020 and expired on 30 June 2021 and Disallowable Instrument DI2021, which commenced on 1 July 2021 and expired on 31 March 2022.

Motor Vehicle Duty

Motor Vehicle Duty is levied on the establishment of or transfer of motor vehicle registration. The duty rate applied to each new vehicle under the ACT's Vehicle Emissions Reduction Scheme is subject to the environmental performance rating of that vehicle. The rating is assigned according to the motor vehicle emission data published in the Green Vehicle Guide, from Rating A – the most environmentally friendly, to Rating D – the least. All second-hand vehicles are taxed as non-rated, except used hybrid and used plug in hybrid vehicles with low emissions (Table 11), which are rated as A from 2023-24, reflecting new policy measures.

Table 10 below shows that the Territory's tax expenditure on Motor Vehicle Duty was estimated at \$24.5 million in 2023-24, an increase of 34.2 per cent (\$6.2 million) from 2022-23. The increase reflected a rise in the number of zero and low emissions vehicles, which receive duty concessions provided under the Vehicle Emission Reduction Scheme.

Table 10: Motor Vehicle Duty – tax expenditures

	Revenue forgone (\$'000)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Duty exemption					
People with certain disabilities	33	50	15	21	43
The charitable sector	41	97	19	29	78
Veteran, vintage, and historic vehicles	8	10	26	10	21
Caravans and camp trailers	925	1,379	1,762	2,113	2,057
Duty concession					
Vehicle Emission Reduction Scheme	8,411 ^{a,r}	7,894 ^{a,r}	7,236 ^{a,r}	16,088 ^{a,r}	22,309 ^{a,r}
Rebates for owners of hail-damaged cars ¹	44 ^a	14 ^a	0 ^a	0 ^a	0 ^a
Total	9,462^r	9,443^r	9,058^r	18,261^r	24,508^r

a - Actual costs. Other costs are estimated.

r – Revised. Estimate revised to reflect updated data sources and/or methods.

1. Rebates for owners of hail-damaged cars has ceased on 31 October 2020.

People with disabilities

People with certain disabilities are eligible for a partial duty exemption on purchases of disability modified vehicles. The value of the modification is exempt from duty. Veterans with certain disabilities are eligible for a full exemption.

The charitable sector

The charitable sector is exempt from duty on purchases of motor vehicles. This includes charities and organisations that have a beneficial organisation determination approved.

Veteran, vintage and historic vehicles

Veteran, vintage, or historic vehicles are exempt from Motor Vehicle Duty.

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A veteran vehicle is a motor vehicle built before 1919 and a vintage vehicle is a motor vehicle built between 1918 and 1931. A historic vehicle is a motor vehicle other than a veteran vehicle or a vintage vehicle and built more than 30 years before it was registered.

Vintage vehicles are often affiliated to car clubs. The Government exempts these vehicles from duty to recognise that they are used purely as a hobby and on a limited basis.

Caravans and camp trailers

Non-motorised caravans and camp trailers are exempt from duty.

Vehicle Emission Reduction Scheme

The scheme provides for different rates of motor vehicle duty for people purchasing vehicles based on the combined carbon dioxide (CO₂) emissions of their vehicles. The performance categories based on the combined CO₂ emissions are set out in Table 11.

Table 11: Vehicle Performance Ratings Under the Vehicle Emissions Reduction Scheme

Vehicle Performance Category	Description	Carbon Dioxide (CO ₂) emissions in grams per kilometre (g/km)
A ¹⁹	Environmental leading-edge models	0-130
B	Models with significantly above-average environmental performance	131-175
C	Models with average environmental performance	176-220
D	Models with below-average environmental performance	221 and above

In terms of the duty rate, A-rated vehicles are duty free, while vehicles rated B, C and D are taxed at increasing rates.

Costing of this tax expenditure has been undertaken using Rating C as the benchmark for vehicles with average environmental performance. The tax rates applied to C-rated vehicles have been used as the standard tax rates for calculating the duty forgone from greener vehicles (i.e. vehicles with Rating A or Rating B) that pay concessional duties.

The value of duty forgone under the Vehicle Emission Reduction Scheme is calculated as the total of:

- duty forgone on A-rated vehicles relative to Rating C; and
- duty forgone on B-rated vehicles relative to Rating C.

¹⁹ From 1 July 2024, the Category A performance vehicle rating has been broken up into Categories AAA, AA and A. Vehicles under these categories continue with a no cost duty rate.

Rebates for owners of hail-damaged cars

The ACT Government provided a motor vehicle duty rebate of up to \$100 for vehicles with a value of \$10,000 or less that were purchased to replace a vehicle written-off because of the hailstorm that occurred in January 2020. The rebates applied to privately registered vehicles in the ACT and was in place from late February 2020 until 31 October 2020. This support was not extended further and ceased as on 31 October 2020.

Motor vehicle registration fees

Motor vehicle registration fees are payable upon first registration and the renewal of a registration. In 2023-24, they were calculated based on the tare weight of the vehicle and the length of the registration.²⁰ Vehicle owners can register for 3, 6 or 12 months.

Table 12 shows that the Territory’s tax expenditure on motor vehicle registration fees was around \$19.0 million in 2023-24, an increase of 23.4 per cent (\$3.6 million) from 2022-23. The largest increases were for pensioners and for concessions to gas and electric vehicles under the ACT’s Zero Emission Vehicle (ZEV) Scheme.

Table 12: Motor vehicle registration fee – tax expenditures

	Revenue forgone (\$'000)				
	2019-20 ^a	2020-21 ^a	2021-22 ^a	2022-23 ^a	2023-24 ^a
Exemption					
Pensioners	11,704	11,918	12,007	12,379	12,971
ACT Services Access and Australian Low Income Health Care card holders	-	-	-	-	138
Concessions					
Gas and electric vehicles	262	447	1,092	2,969	5,839
Primary producers	12	11	10	12	12
Total	11,978	12,376	13,109	15,360	18,960

a - Actual costs.

r – Revised. Estimate revised to reflect updated data sources.

Pensioners

Holders of a current Centrelink pensioner concession card; a Department of Veterans’ Affairs pensioner concession card; or a Repatriation Health Card (‘gold card’) issued by the Department of Veteran’s Affairs (where the card does not indicate that the card holder is a dependant) are eligible for a 100 per cent discount on the registration of one vehicle in the card holder’s name.

Holders of an ACT Seniors Card are eligible for 10 per cent discount on the registration of one vehicle in the card holder’s name.

²⁰ From 1 July 2024, the calculation for vehicle registration fees shifted from weight-based to emissions-based to align with how motor vehicle duty is calculated.

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From 1 July 2023, the provision of concessions was expanded to additional Seniors Card holder categories:

- The 28 per cent seniors' concession continued to apply to a new or used battery electric vehicle (BEV) and hydrogen fuel cell electric vehicle (HFCEV) where the vehicle is registered on or before 30 June 2024.
- The 28 per cent seniors' concession continued to apply to a new or used plug-in hybrid (PHEV) with more than 130g/km of CO₂ emissions and gas-powered vehicle where the vehicle is registered on or before 30 June 2024.
- The 46 per cent seniors' concession applied to a PHEV with no more than 130g/km of CO₂ for vehicles registered between 1 July 2023 and 30 June 2024.
- The 28 per cent seniors' concession applied to hybrid electric vehicle (HEV) with lower emissions (no more than 130g/km of CO₂) for vehicles registered between 1 July 2023 and 30 June 2024.

ACT Services Access and Australian Low Income Health Care card holder

From 1 July 2023, holders of a current ACT Services Access Card holders or Australian Low Income Health Care Card are eligible for a 100 per cent discount on registration fees. It applies to one light vehicle or light trailer registration in their name. Eligible light trailers must have a tare weight not exceeding 250 kg and a Gross Vehicle Mass (GVM) not exceeding 750kg.

Gas and electric vehicles

Gas, electric, plug-in hybrid or hydrogen fuel cell powered vehicles are entitled to 20 per cent discount on the registration. Where a Seniors Card holder owns such a vehicle, a 28 per cent discount applies. The value also includes the Zero Emission Vehicle Scheme which provides two years free registration to eligible Electric Vehicles (EV) and Hydrogen Fuel Cell Electric Vehicles (HFCEV). The scheme will run from 24 May 2021 to 30 June 2024 (inclusive) and applies to both private and business registration fees.

Primary producers

Motor vehicles used in primary production can receive a 45 per cent discount on the motor vehicle registration fee. The concession can only be applied to two goods carrying vehicles, one goods carrying or fixed load trailer and one vehicle with a body type of 'tractor.'

If the vehicle is gas, electric, plug-in hybrid or hydrogen fuel cell powered, it receives a 55 per cent discount on the motor vehicle registration fee.

Lease Variation Charge

The value of a lease associated with a block of land can change when the lease holder seeks to vary the permitted use of the lease to allow new or additional development. The Lease Variation Charge is levied on this change in value to capture changes in development rights. The charge is assessed as part of the development approval process.

There are two types of chargeable variations:

- Codified lease variation.²¹ The Lease Variation Charge for a variety of variations is set under a fee schedule. The set charge represents the value uplift to be expected from the particular variation given the type and location of proposed development.
- Non-codified lease variation.²² These variations apply to more complex developments such as mixed residential and commercial developments. For a section 277 variation, the Lease Variation Charge is levied based on 75 per cent of the value uplift that has been determined by valuations assessed before and after the proposed variation.

Since the Lease Variation Charge was introduced in 2011, the Government has offered a range of remissions and exemptions to achieve positive development and economic outcomes. The remissions are payable once determined notwithstanding the termination of the Disallowable Instrument.

The concessions offered on the Lease Variation Charge are tax expenditures. Table 13 shows that the Territory's tax expenditure on the Lease Variation Charge was \$384,000 in 2023-24, representing an increase of 2.4 per cent from 2022-23. This increase was mainly due to growth in environmental remediation to support developers to deliver higher sustainability outcomes above the industry norm in the ACT.

Table 13: Lease Variation Charge – tax expenditures

	Revenue forgone (\$'000)				
	2019-20 ^a	2020-21 ^a	2021-22 ^a	2022-23 ^a	2023-24 ^a
Codified variation					
Housing commissioner – extra 25 per cent remission	111	14	103	375	244
Non-codified variation					
Environmental remediation	0	0	1,305	0	140
Economic stimulus – extra 25 per cent remission ¹	969	7,689	0	0	0
Environmentally sustainable development ² / Economic stimulus – sustainable or adaptable building design ¹	2,992	6,674	450	0	0
COVID-19 support					
Construction sector - 25 per cent remission	-	2,740	95	0	0
Construction sector – 50 per cent remission	0	402	0	0	0
Total	4,072	17,519	1,953	375	384

²¹ See *Planning and Development Act 2007* (repealed), s276E; and *Planning Act 2023*, s331.

²² See *Planning and Development Act 2007* (repealed), s277; and *Planning Act 2023*, s332.

a – Actual costs.

1. While this stimulus measure ceased on 6 March 2018, remissions are payable once determined notwithstanding the termination of the Disallowable Instrument.
2. While this stimulus measure ceased on 30 June 2019, remissions are payable once determined notwithstanding the termination of the Disallowable Instrument.

Housing commissioner – extra 25 per cent remission²³

The ACT Government provides an additional 25 per cent remission where the purpose of the lease variation is for the provision of housing assistance. The remission applies if the lease was granted to the Housing Commissioner for a term beginning prior to 17 December 1987 and the Housing Commissioner is the lessee.

Economic stimulus – extra 25 per cent remission²⁴

As part of the ACT Government's economic stimulus package for environmental sustainability, a non-codified variation may be eligible for a 25 per cent remission on the Lease Variation Charge, provided there is a development approval, and that the development approval relates to the construction of a building on the land. This stimulus package ceased on 6 March 2018; however, remissions were payable once determined notwithstanding the termination of the Disallowable Instrument.

Environmentally sustainable development²⁵ / Economic stimulus – sustainable or adaptable building design²⁶

The Lease Variation Charge levied on a non-codified variation may be eligible for a remission of up to 25 per cent, provided that the building development to which the variation relates complies with the requirements for energy efficiency of:

- a Green Star rating of 5 or 6 for the commercial sector; or
- a Nationwide House Energy Rating Scheme (NatHERS) rating of 6.5 or more for the residential sector.

The objective of this policy was to support high-level environmentally sustainable outcomes for the ACT by encouraging developers to deliver higher sustainability outcomes above the industry norm.

This policy was a continuation of the environmental sustainability remission component of the Economic stimulus – sustainable or adaptable building design, which provided an additional remission of up to 25 per cent to buildings that comply with either the abovementioned energy efficiency requirements that is, the environmental sustainability remission component) or the Australian standard for adaptable housing.

²³ See Disallowable Instruments DI2011-318, DI2018-93 and DI2023-277.

²⁴ This stimulus measure took effect through Disallowable Instrument DI2014-48 on 6 March 2014. It was extended via Disallowable Instrument DI2016-28 which expired on 6 March 2018.

²⁵ This environmental sustainability remission for the lease variation charge was introduced by the *Planning and Development (Remission of Lease Variation Charges - Environmental Sustainability) Determination 2018 (No.1)* (DI2018-40) on 7 March 2018. It was later extended by Disallowable Instrument DI2018-89 which expired on 30 June 2019.

²⁶ This stimulus measure was announced along with the Economic stimulus – 25 per cent remission and ceased on 6 March 2018.

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The Economic stimulus – sustainable or adaptable building *design* ceased on 6 March 2018, while the Environmentally sustainable development ceased on 30 June 2019, but some remissions were paid in 2020-21 and 2021-22.

Environmental remediation²⁷

A full Lease Variation Charge remission is applicable if:

- the Environment Protection Authority has given the Planning and Land Authority an endorsement of an environmental audit of the land;
- the lease to be varied authorises the land or part of the land to be used for the purpose of a service station, however expressed, and the lease as varied does not authorise the land or part of the land to be used for this purpose;
- the development application for the chargeable variation is approved by the grant of a development approval under section 162 of the Planning and Development Act 2007 or section 185 of the Planning Act 2023²⁸; and
- the development approval includes a condition that the lessee carry out remediation of the land under the lease.

COVID-19 support – construction sector remission²⁹

As part of the ACT Government's Economic Survival and Recovery Package, a 50 per cent remission on the Lease Variation Charge (capped at \$250,000) was provided where an application to enter the Lease Variation Charge deferred payment scheme was made between 25 June 2020 and 23 December 2020. To receive this remission, construction must have commenced by 31 March 2021 regardless of when the development application was lodged or approved. This stimulus measure was extended by six months to 30 June 2021 at a lower remission rate of 25 per cent (capped at \$125,000), with the requirement to commence construction by 31 January 2022.

²⁷ See Disallowable Instruments DI2018-92 and DI2023-280.

²⁸ The Planning Act 2023 replaced the Planning and Development Act 2007 and commenced on 28 November 2023.

²⁹ See Disallowable Instruments DI2020-224, DI2021-13 and DI2021-243.

Water Abstraction Charge

The Water Abstraction Charge is paid by users who are licensed to take water in the ACT. The charge reflects the value of water as a scarce resource, as well as the Territory's costs incurred in relation to water catchment management and environmental protection.

For 2023-24, the Water Abstraction Charge rate for non-potable water (surface and ground water) was \$0.334 per kilolitre of water. The tax expenditures reflect the ACT Government's concession schemes in relation to the extraction of non-potable water.

Table 13 shows that the Territory's tax expenditure on the Water Abstraction Charge was around \$258,000 in 2023-24, an increase of 37.4 per cent from 2022-23, driven by a rise in the volume of water consumption because of low levels of rainfall.

Table 14: Water Abstraction Charge – tax expenditures

	Revenue forgone (\$'000)				
	2019-20 ^a	2020-21 ^a	2021-22 ^a	2022-23 ^a	2023-24 ^a
Golf Clubs - Market Equity Scheme	161	106	68	92	143
Golf Clubs - Infrastructure Offset Scheme ¹	160	110	-	-	-
Agriculture - Competition Equalisation Payment Scheme	116	114	55	96	115
High-intensity Club Users – Non-potable Water Rebate ²	-	140	32	-	-
Total	438	469	155	188	258

a - Actual costs.

1. The Infrastructure Offset Scheme ceased in December 2020.
2. The non-potable water rebate for High Intensity Club Users ceased on 31 December 2021.

Golf Clubs - Market Equity Scheme

Under the scheme, ACT golf clubs receive a 50 per cent discount on the Non-potable Water Abstraction Charge incurred in relation to the extraction of non-potable water for the maintenance of golf courses.

This scheme was introduced to provide parity between ACT and NSW golf clubs by providing the same support to all golf clubs regardless of their ability to invest in significant infrastructure upgrades to improve water efficiency.

Golf Clubs – Infrastructure Offset Scheme

Under the scheme, ACT golf clubs could claim an offset until the end of 2020 on their Non-potable Water Abstraction Charge liabilities for eligible capital expenditure invested into water saving infrastructure during the period 2002 to 2015.

If the available offset amount for a golf club was greater than its Non-potable Water Abstraction Charge bill, the liability was fully offset, such that no charge was payable.

Under the scheme, golf clubs were required to demonstrate to the ACT Government how their capital spending was linked to improved water efficiency outcomes.

Agriculture – Competition Equalisation Payment Scheme

Under the scheme, eligible ACT irrigators receive a 99 per cent rebate on Non-potable Water Abstraction for water used in primary production. This rebate reduces the cost of non-potable water for ACT irrigators to a level that is no more than that of the NSW irrigators operating in the surrounding region.

High-intensity Club Users – Non-potable Water Rebate

High-intensity club users of non-potable water can receive a rebate for charges incurred through this scheme. The rebate covers recycled water charges related to the Lower Molonglo Water Quality Control Centre, stormwater water charges related to the Inner North Reticulation Network, and the Non-potable Water Abstraction Charge for surface and ground water.

The Government put in place a temporary rebate for non-potable water usage by high-intensity club users from 1 July 2020 to 30 June 2021 and extended the rebate up to a capped amount until 31 December 2021.

ATTACHMENT A – WAIVERS

Section 131 of the *Financial Management Act 1996* (FMA) allows the Treasurer or his delegate to waive a debt owed to the Territory. A tax waiver releases a taxpayer from the obligation of paying a tax liability. Waivers are not tax expenditures. They are administrative actions taken on a case-by-case basis, whereas tax expenditures are government policies that are applied across taxpayers. The FMA does not specify criteria for assessing waiver requests; the power to provide waivers is discretionary in nature.

The annual financial statements of individual Directorates contain more information on tax waivers.³⁰

In 2023-24, the ACT Government granted 9 tax waivers under section 131 of the FMA, totalling around \$110,000 (Table A1).

Table A1: Tax waivers by revenue line¹

	2019-20		2020-21		2021-22		2022-23		2023-24	
	Number	\$'000	Number	\$'000	Number	\$'000	Number	\$'000	Number	\$'000
Payroll Tax ²	0	0	5	5,922	2	625	0	0	0	0
Conveyance Duty	0	0	1	11	0	0	0	0	3	75
Land Tax ²	8	33	8	457	8	82	4	10	4	21
General Rates	1	100	52	1,427	1	107	0	0	2	14
Land Rent	0	0	1	52	0	0	0	0	0	0
Lease Variation Charge	1	7	1	10	2	273	1	656	0	0
Total	10	140	67	7,879	13	1,087	5	666	9	110

³⁰ As of 2023-24, two directorates had tax administration responsibilities: the Environment, Planning and Sustainable Development Directorate was responsible for the administration of the Lease Variation Charge, and the Chief Minister, Treasury and Economic Development Directorate (ACT Revenue Office and Access Canberra) was responsible for the administration of all other taxes.

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Source: ACT Government

Notes:

1. The number for waivers represents the number of signed waiver instruments, not the number of taxpayers being granted a waiver.
2. From 2020-21, payroll tax waivers and land tax waivers in the form of residential tenancy relief were dispensed as a waiver, a form of expense.

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Waivers of fees and charges

Additionally, Tables A2 and A3 show the waivers granted under section 131 of the FMA for major fees and charges in 2023-24.

Table A4 shows the waivers granted under section 15 of the *Courts Procedures Act 2004* for court fees. Waivers for fees and charges are not treated as tax expenditures.

In 2023-24, the ACT Government provided 411 waivers of fees and charges in total, at the cost of \$433,000 (Table A2, A3 and A4).

Table A2: Chief Minister, Treasury and Economic Development Directorate (Access Canberra) – fee waivers

	2019-20		2020-21		2021-22		2022-23		2023-24	
	Number	\$'000	Number	\$'000	Number	\$'000	Number	\$'000	Number	\$'000
Extension of Time fee ¹	3	742	2	757	4	606	3	216	3	247
Waiver for Application fee to register and withdraw a Homes for Homes caveat ²	0	0	460 ^r	127 ^r	174 ^r	27 ^r	743 ^r	208 ^r	321	81
Road Transport (General) Waiver of Infringement Notice penalties guidelines ³	0	0	0	0	2 ^r	6 ^r	7 ^r	6 ^r	5	2
Total	3	742	462^r	884^r	180^r	639^r	753^r	430^r	329	330

r – Revised. Estimate revised to reflect updated data sources.

1. In the Territory, lessees are required to build on their blocks within a prescribed timeframe. Payment of Extension of Time fees allows lessees extra time to build on a block. Extension of time fees are charged based on a block's general rates and commercial rates can be high.
2. This waiver is provided to support the Homes for Homes Scheme operations in the Territory. Participants under the scheme can contact Homes for Homes to remove the caveat put on the purchased property when they become the registered proprietor. Withdrawal of caveat fees are waived in this case to minimise barriers for participants who wish to exit the scheme.
3. See Disallowable Instrument DI2019-212: the waiver of infringement notice penalties when all of the following elements are satisfied: the applicant does not currently have, and is unlikely to have in the future, the financial ability to pay the infringement notice; and relevant circumstances exist in relation to the applicant (including mental illness and/or mental disorder, disability, disease or illness addiction to drugs, alcohol or another substance, family violence, homelessness, or living in crisis, transitional or supported accommodation); and enforcement action has not resulted in, or is unlikely to result in, the payment of the infringement notice (for example, previous sanctions did not result in payment); and the applicant is not a suitable person to discharge the infringement notice by completing an approved community work or social development program.

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Table A3: Environment, Planning and Sustainable Development Directorate – fee waivers

	2019-20		2020-21		2021-22		2022-23		2023-24	
	Number	\$'000	Number	\$'000	Number	\$'000	Number	\$'000	Number	\$'000
Licence application fee	0	0	0	0	0	0	0	0	0	0
De-concessionalisation of lease fee	0	0	0	0	0	0	0	0	0	0
Development application fee	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0

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Table A4: Justice and Community Safety Directorate – fee waivers

	2019-20		2020-21		2021-22		2022-23		2023-24	
	Number	\$'000	Number	\$'000	Number	\$'000	Number	\$'000	Number	\$'000
Courts and Tribunal fees ⁴	120	126	135	178	68	95	99	136	82	103
Total	120	126	135	178	68	95	99	136	82	103

4. Waivers were provided by the Registrars of the Courts and the ACT Civil and Administrative Tribunal on a case-by-case basis, depending on the circumstances, under section 15 of the *Court Procedures Act 2004*. Cases of Courts and Tribunal transcript fee waivers and other Courts and Tribunal fee waivers may be related to the same applicant.

ATTACHMENT B – SOCIAL CONCESSIONS AND SUPPORTS

The ACT Government provides a range of social concessions and supports to individuals and households in need, as well as to community groups. These policy measures provide direct financial assistance to their beneficiaries, reducing the amount they would otherwise have to pay for an essential, non-tax related expense.

Government funded assistance schemes or programs that offer free-of-charge services to eligible individuals, households or community groups are excluded from this section. For example, the bulky waste collections scheme commissioned and funded by the ACT Government is not included as part of the social concessions and supports. This is because while the scheme provides free bulky waste collection services to eligible ACT residents, it does not reduce any of their financial liabilities.

These policy measures do not fall under the tax system and are not tax expenditures.

Table B1 outlines the social concessions and supports that result in revenue forgone, at a cost of \$190.4 million in 2023-24.

Table B2 further details the social concessions and supports that were provided by way of direct expenditure, at a cost of \$40.8 million in 2023-24.

The total cost of social concessions and supports was \$231.1 million in 2023-24, an increase of around \$2.0 million from 2022-23 (\$229.1 million).³¹

³¹ Care should be taken when interpreting the total cost of \$231.1 million. The cost of concessions that involve revenue forgone (\$190.4 million) is estimated, while the cost of concessions that involve direct expenditures is an actual figure (\$40.8 million). They are two different measures and may not be like-for-like.

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Table B1. ACT Government social concessions and supports – revenue forgone¹

Social Concessions and Supports	2019-20		2020-21		2021-22		2022-23		2023-24	
	Number	\$'000	Number	\$'000	Number	\$'000	Number	\$'000	Number	\$'000
<i>Concessional rent for community groups</i>										
ACT Property Group properties ²	236	14,941	230	15,905	219	17,897	212	18,046	212	18,205
COVID-19 rent relief ³	3	12	65	150	19	52	0	0	0	0
<i>Public housing</i>										
Public housing rental rebate ^{4,5}	11,246	149,366	11,115	149,289	9,721	145,734	9,472	141,017	9,396	136,833
Public housing water consumption costs ⁶	-	7,045	-	6,077	-	5,913	-	5,075	-	5,637
Community housing providers rent relief ⁷	631	1,224	679	2,424	0	0	0	0	0	0
Stimulus payments for public housing tenants and stimulus payments to community organisations for the eligible households ⁸	10,555	2,639	1,600	400	0	0	0	0	0	0
<i>Targeted assistance concessions</i>										
Water and sewerage ⁹	-	0	-	5,448 ^f	-	5,343 ^f	-	5,303 ^f	-	6,543
ACTION bus concession ¹⁰	5,005,087	7,395	3,699,512	5,790 ^f	2,777,338	3,972 ^f	4,258,133	6,225	5,088,360	7,838
Light rail concession ¹⁰	1,179,333	1,742	896,807	1,404 ^f	654,634	963 ^f	1,132,089	1,655	1,419,452	2,186

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Social Concessions and Supports	2019-20		2020-21		2021-22		2022-23		2023-24	
	Number	\$'000	Number	\$'000	Number	\$'000	Number	\$'000	Number	\$'000
Special Needs Transport Program ¹¹	363	6,162	360	7,228	356	7,584	359	7,617	334	6,874
Driver licence fee concession ¹²	8,083	1,849	8,413	1,183	7,786	1,947	6,163	1,303	5,120	990
Good Driver Discount ¹³	30,218	2,039	29,006	1,928	30,448	2,310	25,001	1,822	24,951	1,688
Ambulance transport fee exemption ¹⁴	3,794	3,315	3,764	3,186	3,875	3,438	3,637	3,275	3,724	3,516
Green Waste Bin Concession ¹⁵	2,743	137	2,488	124	1,871	94	1,190	60	1,011	51
Hailstorm rebate payments ¹⁶	3,331	247	1,963	129	0	0	0	0	0	0
Cost of social concessions and supports - revenue forgone		198,113		200,665'		195,247'		191,398'		190,361

r – Revised. Estimate revised to reflect updated data sources.

Notes:

1. Revenue forgone is measured on a total Territory basis, considering transactions between the General Government Sector and the Public Trading Enterprises (such as Housing ACT and Icon Water).
2. The ACT Government, through Infrastructure Canberra, leases Territory owned premises to community groups and not-for-profit childcare centres, either free of charge (often involving a nominal rent such as 5 cents a year) or under concessional rental arrangements. In 2023-24, 134 concessional leases and 78 peppercorn (nominal cost) leases were provided to the community sector.
3. The ACT Government provided rent relief to Crown Lessees in the Territory who experienced financial hardship because of COVID-19.
4. The public housing rent rebate is also reported in the Community Service Directorate Annual Report 2023-24.
5. In 2023-24, the Government through Housing ACT, provided about 10,300 public housing tenancies to Canberrans in need. Additionally, the Government provided 821 subsidised dwellings to the community and homelessness housing sector, which are in turn leased at concessional rates to low-income households and those needing homelessness accommodation support.
6. The ACT Government does not pass on water consumption costs to public housing tenants. These costs are absorbed by the Government. This contrasts with private landlords in the ACT, who can recover water usage charges from their tenants, if separately metered.
7. In response to COVID-19, the ACT Government provided full rent relief for community housing providers between April 2020 and December 2020. This concession has ceased and no further rent relief has been provided since December 2020.
8. In response to COVID-19, the ACT Government provided a one-off \$250 payment to public housing households to support Canberrans most in need. No stimulus payments were made in 2021-22, 2022-23 and 2023-24.
9. Water and sewerage revenue forgone as provided to community organisations as part of the Government's Community Service Obligations.

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10. ACTION buses and light rail – eligibility criteria for free travel: Children under 5; seniors over 70; Veterans Affairs Gold Card holders (totally and permanently disabled); passengers with a visual impairment or senior and concession MyWay card holders (excluding students and tertiary card holders) travelling off-peak period as part of a trial which started 14 January 2017. Eligibility for concessional travel: students; pensioners; Centrelink Health Care Card holders; or Veterans Affairs Gold Card holders. ACTION bus and light rail concessions are reported in Transport Canberra and City Services Directorate annual reports.
11. In 2023-24, the ACT Government provided special needs transport services to approximately 334 eligible students with disability.
12. Driver licence fee concession – eligibility criteria: pensioners; Veterans Affairs Gold Card holders; and Centrelink Health Care Card holders who are unemployed.
13. ACT residents are eligible to receive a 30 per cent discount on their ACT driver licence renewals if they have no relevant traffic offences recorded in the previous 5 years.
14. Ambulance transport fee exemption – eligibility criteria: school students; pensioners; and people who are injured in certain circumstances, e.g., motor vehicle accidents. The ACT Government provided 3,724 exempt ambulance trips in 2023-24, of which 3,662 exemptions were provided to Canberrans and 62 exemptions were provided to patients from other jurisdictions.
15. Under the Green Waste Bin Concession Scheme, eligible Canberrans are exempt from the green waste bin registration fee. ACT residents holding one the following concession cards would be eligible for the Green Waste Bin Concession: ACTION Gold Card; Department of Veterans' Affairs Gold Card; Centrelink Pensioner Concession Card; MyWay Seniors Card (for people who are aged 70 years and above).
16. The hailstorm rebate payments are provided to people whose vehicles were impacted by the hailstorm occurred in January 2020. The rebate payments provide support for a range of fees including fees charged on cancellation and establishment of motor vehicle registrations and road worthy inspection fees. The hailstorm rebate payments were finalised by November 2020 and no further payments were made in 2021-22, 2022-23 and 2023-24.

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Table B2 shows the social concessions and supports funded by way of direct expenditure. The Government pays the respective service providers for the delivery of these programs.

Table B2. ACT Government social concessions and supports – direct expenditures¹

Social Concessions and Supports	2019-20		2020-21		2021-22		2022-23		2023-24	
	Number	\$'000	Number	\$'000	Number	\$'000	Number	\$'000	Number	\$'000
Utilities Concession ²	29,921	22,749	30,908	24,105	30,915	27,141	31,589	26,644	31,947	28,211
Life Support Rebate ³	3,180	392	3,510	487	3,783	472	4,090	475	4,544	544
Home Haemodialysis Rebate ⁴	63	19	77	20	74	18	51	15	50	15
Taxi Subsidy Scheme ⁵	94,576	2,122	90,217	2,473	85,108	2,565	99,580	2,428	123,318	3,440
Funeral Assistance Program ⁶	39	281	14	131	14	90	19	120	20	228
Spectacles subsidy ⁷	8,292	1,999	11,129	2,464	9,759	1,862	10,045	1,926	11,350	1,992
ACT Secondary Bursary Scheme ⁸	970	710	1,057	779	715 ^f	2,207 ^f	0 ^f	0 ^f	0	0
Future of Education Student Equity Fund ⁹	-	-	-	-	-	-	3,535 ^f	3,811 ^f	3,083	3,585
Solar for Low Income Program ¹⁰	73	167	143	331	-	-	-	-	0	0
Home Energy Support: Rebates for Homeowners Category A ¹¹	-	-	-	-	17	42.5	272	680	238	595
Home Energy Support: Rebates for Homeowners Category B ¹²	-	-	-	-	-	-	189	422.8	373	843.5

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Social Concessions and Supports	2019-20		2020-21		2021-22		2022-23		2023-24	
	Number	\$'000	Number	\$'000	Number	\$'000	Number	\$'000	Number	\$'000
Home Energy Support: Rebates for Rental Providers ¹³	-	-	-	-	17	66	37	153.3	3	7.5
Interstate Patient Travel Assistance Scheme ¹⁴	2,085	625	1,427	770	995	663	1,662	1,005	1,478	1,083
Act Of Grace Payments	175	1197	24	455	30	143	19	42	33	214
Cost of concessions and supports - direct expenditures		30,261		32,015		35,204 ^r		37,722 ^r		40,758

r – Revised. Estimate revised to reflect updated data sources.

Notes:

- Direct expenditures do not include the costs to the Government to run these programs, such as staffing and overheads.
- The Government provides a Utilities concession (water and sewerage rebate and energy and utility rebate) to eligible households, and to community organisations as part of our Community Service Obligations to assist them with their cost of living. From 2017-18, the energy and utility rebate combined with the water and sewerage rebate to become one concession known as Utilities concession. From 1 July 2024, this is called the Electricity, Gas and Water Rebate.
- The ACT Government provided a rebate on electricity bills (up to \$128 a year) to about 4,544 eligible Canberrans in 2023-24. This rebate supports Canberrans who require extra electricity usage for life support equipment at home.
- The ACT Government provides financial assistance to eligible patients accessing home haemodialysis with their water costs for up to \$1,200 per annum. In 2023-24, the rebate benefited 50 eligible patients with \$15,000 claims in total.
- The ACT Government subsidises taxi travel for eligible Canberrans who have severe activity limitations. In 2023-24, the Government subsidised about 123,318 taxi trips.
- The ACT Government subsidises the costs of funerals for households who are in a financial hardship. This program allows families to have simple dignified funerals.
- Spectacle subsidy includes: the ACT Spectacles Subsidy Scheme, the ACT Senior Spectacles Scheme, and the Low Vision Aids Scheme. The ACT Spectacles Subsidy Scheme is available to pensioners and Centrelink Healthcare Card holders. The ACT Senior Spectacles Scheme is available to Seniors Card holders. The Low Vision Aids Scheme is available to Canberrans with degenerative eye conditions. The ACT Seniors Spectacle Scheme was abolished from 1 July 2018.
- The ACT Secondary Bursary Scheme provides financial assistance to low-income families for education expenses of students in years 7-10. The students must be living with the applicant and be financially dependent upon the applicant, or in special government care that is paid for by the applicant. The ACT Secondary Bursary Scheme was replaced by Future of Education Student Equity Fund since 01 July 2022.
- The Future of Education Student Equity Fund was launched on 01 July 2022 and replaced the ACT Secondary Bursary Scheme. The Fund provides low-income families with students from preschool to year 12 and independent students who meet the eligibility criteria with a one-off payment to assist with costs of education expenses such as school uniforms and excursions, sport equipment and activities, tuition, and music lessons – the things that support student to fully engage in their education.
- The Solar for Low Income Program commenced in 2017-18 and finished on 30 June 2021. The Program required the participants to hold an Australian Government Pensioner Concession Card and be a homeowner in the ACT to be eligible for the program.

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11. The Home Energy Support Program was launched on 31 March 2022. The program provides rebates of up to \$2,500 for eligible households to install rooftop solar panels. Rebates are available to homeowners who hold an Australian Government Pensioner Concession Card or a Department of Veterans' Affairs Gold Card. The funding amounts listed for HESP Categories A and B (below) reflect the total amount of rebates that were paid in the respective financial year (as opposed to the total budget spend).
12. In September 2022, the Home Energy Support: Rebates for Homeowners Program (see above) was expanded to include rebates for reverse cycle heating and cooling, hot water heat pumps and electric stove tops/ovens. Ceiling insulation was added as an eligible product in April 2023.
13. The Home Energy Support: Rebates for Rental Providers pilot launched 1 April 2022. The pilot provided rebates of up to \$5,000 for ceiling insulation upgrades in properties rented under the Affordable Community Housing Land Tax Exemption Scheme to meet the incoming minimum energy efficiency standards for rental homes. The pilot ended in February 2023, and Phase Two of the program commenced in April 2023. Under Phase Two, the rebate amount has changed to up to \$2,500 to align with other rebate programs.
14. The Government provides financial assistance towards travel and accommodation costs to Canberrans who are required to travel interstate for specialist medical and dental treatment that is not currently available in the ACT. Please note that the number of claims is not equal to the number of patients. In 2023-24, the Government provided assistance to 1,478 eligible claims.

CABINET



ACT
Government

Chief Minister, Treasury and
Economic Development

ACT Treasury

May 2025

CABINET



CABINET SUBMISSION

Cabinet number	25/23	
Title	Tax Expenditure Statement 2023-24	
Meeting Type	Cabinet	
Minister	Chris Steel MLA	
	<u>Treasurer</u>	
Co-Sponsoring Minister/s	N/A	
ERC date	Wednesday, 21 May 2025	
Cabinet date	Wednesday, 11 June 2025	
<u>Status</u>	EXPOSURE DRAFT	
<u>Relationship to previous decisions</u>	ACT Tax Expenditure Statement 2022-23 – Agreement, Decision No. 24/21/CAB, 31 May 2024.	
Submission type	Government submission	
Purpose	<p>This Submission seeks Cabinet’s agreement for the public release of the ACT Tax Expenditure Statement 2023-24 prepared by Treasury.</p> <p>This Statement outlines the tax expenditures provided by the ACT Government in 2023-24 in the form of exemptions, concessions and incentives that provided economic and social supports to targeted taxpayers. An overview of the Government’s tax expenditures between 2019-20 and 2022-23 is also presented in this Statement to reflect changes in the Government’s policies. In this Statement, tax expenditures are represented as costs to the Government by way of revenue forgone.</p> <p>In 2023-24, the ACT Government’s total tax expenditure is estimated at \$359.3 million, a 0.7 per cent decrease from the Territory’s tax expenditure in 2022-23 (\$361.7 million).</p>	
Category	Category 2 - Cabinet Business/Government business/Community Engagement	
Financial Impact	No	
<u>Treasury Agreement</u>	Yes	16/04/2025
	Date of Treasury agreement:	16/04/2025
Legislative change	No - change to legislation not required	
<u>PCO/JACS Human Rights</u>	N/A	Click here to enter a date.
	N/A	Click here to enter a date.

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Regulatory impact	No	Click here to enter text
Wellbeing Impact Assessment	No (exemption request approved)	
Primary Wellbeing Domain	Economy	
Closing the Gap - Priority Reforms	Not in Scope for Closing the Gap Priority Reform	

Minister's signature _____ Date __/__/____

Co-Sponsoring Minister's signature _____ Date __/__/____

RECOMMENDATIONS

1) I recommend Cabinet agree:

- a. to the public release of the *ACT Tax Expenditure Statement 2023-24* at Attachment C.
- b. that the Chief Minister and the Treasurer may agree the timing and method of publishing the *ACT Tax Expenditure Statement 2023-24*, including as part of the 2025-26 Budget papers.

2) I recommend Cabinet note:

- a. the advice to the Chief Minister on the release of the Open Access Decision Summary (Attachment B) as required under Section 23 of the *Freedom of Information Act 2016*; and
- b. the following summary to be released.
 - i. Cabinet agreed to the public release of the *ACT Tax Expenditure Statement 2023-24*.
 - ii. Cabinet agreed that the Chief Minister and the Treasurer may agree the timing and method of publishing the *ACT Tax Expenditure Statement 2023-24*, including as part of the 2025-26 Budget papers.

SUPPORTING ARGUMENT

BACKGROUND

- 1) Tax expenditures arise from government policies that are designed to achieve social, community or economic outcomes. They are considered costs to a government and often measured by tax revenue forgone.
- 2) In the ACT, tax expenditures alleviate the tax liabilities of selected groups of individuals, businesses, and community groups by way of exemptions, concessions, and incentives. This is important for supporting those experiencing financial hardship as well as stimulating economic activity in the Territory, particularly during a difficult time like the COVID-19 pandemic where circumstances can quickly change.
- 3) The *ACT Tax Expenditure Statement 2023-24* (the 2023-24 Statement) provides an overview of the Territory's tax expenditures over the five years to 2023-24, with a focus on the 2023-24 financial year in terms of policy measures.
- 4) The 2023-24 Statement provides an opportunity to track and compare the ACT Government's spending on tax relief over the past years, and it can also be used to inform future tax-related policy decisions.
- 5) In response to the COVID-19 pandemic, the ACT Government has provided a series of COVID-19 stimulus measures on top of the existing concession policy measures, to support households and businesses who were affected by the pandemic.
 - a. Some of these measures provide taxation relief in the form of revenue forgone, which have been considered tax expenditures and included in the 2023-24 Statement.
 - b. Trailing COVID-19 measures are winding down, with business support and cost of living measures remaining a key focus of the ACT's tax expenditure going forward.
- 6) Cabinet has agreed to the public release of all previous Tax Expenditure Statements for the ACT.

ISSUES AND OPTIONS

Overview

- 7) A tax expenditure represents a cost to the Government by way of revenue forgone. It has a similar effect on the budget to direct expenditure but can be less transparent.
- 8) The 2023-24 Statement reports on the tax expenditures for a range of tax lines administered by the ACT Government for the purpose of providing better transparency to the budgetary impact of tax expenditures and tracking the performance of the Government's concession policy measures.
- 9) Not all policy measures that provide compensation for impacts of taxes are reflected in the 2023-24 Statement. The scope of the 2023-24 Statement (as with previous statements) does not cover:
 - a. progressive tax measures that promote equity and fairness of the tax system;
 - b. items that are not taxable as a result of the legislative definition of a tax;
 - c. tax arrangements that do not fall within the control of the ACT Government, such as exemptions provided to the Commonwealth Government; and
 - d. tax exemptions provided to the General Government Sector of the ACT Government.

- 10) Actual costs of tax expenditures are reported where the ACT Government collects and holds data for the related concession programs. Where this is not the case, costs are estimated using other data sources.
- a. The estimated costs should be interpreted with care as estimates rely on data availability and specific assumptions made. Tax-related data are generally collected from taxpayers and where tax is not collected assumptions are used to estimate the value of the tax expenditure. These costings are based on the best possible information that is available.
- 11) In 2023-24, the ACT Government's total tax expenditure is estimated at \$359.3 million, a 0.7 per cent decrease from \$361.7 million in 2022-23.
- a. In 2023-24, COVID-19 stimulus measures were estimated to be \$1.6 million, primarily for revenue initiatives on conveyance duty. This is a decrease of 76.5 per cent or \$5.3 million compared to the COVID-19 stimulus tax expenditures in 2022-23.
 - a. Tax expenditures were 4.2 per cent of the ACT's total direct expenditure in 2023-24, a decrease of 0.3 per cent from 2022-23.
 - a. Total direct expenditure was \$8.7 billion in 2023-24, a 7.8 per cent increase from \$8.0 billion in 2022-23.
- 12) The decrease was mainly attributable to the falls in tax expenditures on conveyance duty and motor vehicle duty.
- a. Conveyance duty tax expenditures decreased by \$13.8 million per cent in 2023-24, largely reflecting the significant decreases in duty concessions to the Home Buyer Concession Scheme, Covid-19 support to owner occupiers and duty exemption to community housing.
 - b. Tax expenditures on motor vehicle duty fell by \$2.4 million in 2023-24.
- 13) The decrease in the Government's total tax expenditures in 2023-24 was offset by the growth in the tax expenditures on payroll tax and motor vehicle registration.
- c. Tax expenditures on payroll tax increased by \$9.1 million in 2023-24 as a result of a rise in the exempt from tax-free threshold for small and medium businesses and exempt employers for the charitable sector and non-government schools.
 - a. Motor vehicle registration tax expenditures increased by \$3.6 million in 2023 24, which was driven by a rise in the tax exemption for pensioners and concessions to gas and electric vehicles.
- 14) Of the \$359.3 million tax expenditure, payroll tax contributed \$231.6 million, the largest of all tax lines (Table 1). This was a result of the tax-free threshold (\$2 million per annum as at 30 June 2024) offered by the ACT Government to private sector businesses to encourage business participation in the ACT. Currently, the ACT offers the highest payroll tax threshold of all Australian states and territories.
- 15) The relatively high payroll tax threshold also meant private sector businesses were the largest beneficiaries of the Territory's tax expenditures, which contributes to ACT employment. The charitable sector, non-government schools and pensioners also significantly benefitted from various concession programs provided by the ACT Government across a range of tax lines.

Table 1: Tax expenditures by revenue line

	Revenue forgone (\$'000)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Payroll Tax	209,825 ^r	212,533 ^r	213,542 ^r	222,523 ^r	231,584
Conveyance Duty	49,678	79,717	92,645	87,555	73,744
General Rates	35,724	49,219	23,928	22,889	23,587
Motor Vehicle Registration	11,977	12,376	13,109	15,360	18,960
Motor Vehicle Duty	9,880	9,626	8,945	9,199	6,778
Lease Variation Charge	4,072	17,519	1,953	375	384
Fire and Emergency Services Levy	2,933	2,939	3,075	3,109 ^r	3,228
Land tax	545 ^a	205 ^a	354 ^a	514 ^a	806 ^a
Water Abstraction Charge	438 ^a	469 ^a	155 ^a	188 ^a	258 ^a
Total	325,071^r	384,603^r	357,706^r	361,712^r	359,329

a – Actual costs. Others are estimated costs.

r – Revised. Estimate revised to reflect updated data sources. Refer to the relevant section for more details.

Additional information – waivers and social concessions and supports

16) Apart from tax expenditures, the 2023-24 Statement contains additional information on waivers and social concessions and supports. While these items are not considered tax expenditures, they share similar features with tax expenditures in the way that they are provided by the ACT Government to reduce the financial liabilities of specific individuals, households or community groups. Total expenditure and take-up rate have been included in the appendices of the Statement.

- a. Tax waivers are not considered tax expenditures even though they reduce people’s tax liabilities. This is because tax waivers are not supported by any policy measures; they are granted by the Commissioner for ACT Revenue on a case-by-case basis.
- b. The ACT Government provides a range of social concessions and supports to individuals and households in need, as well as to community groups. These policy measures provide direct financial assistance to their beneficiaries, reducing the amount they would otherwise have to pay for an essential, non-tax related expense. These policy measures do not fall under the tax system and are not tax expenditures and are reported separately under social concessions and supports.

Waivers

17) In 2023-24, the ACT Government granted 9 tax waivers under the *Financial Management Act 1996* at a cost of \$110,000, representing a significant decrease of 83.4 per cent from the \$666,000 granted in 2022-23 (Table 2). The decrease in tax waivers was driven by decrease in lease variation charge waivers.

18) Tax waivers are also reported in directorates’ annual financial statements. However, they are not reported on whole of government basis.

- a. In 2023-24, two directorates had tax administration responsibilities: the Environment, Planning and Sustainable Development Directorate was responsible for the administration of the Lease Variation Charge, and the Chief Minister, Treasury and Economic Development Directorate (ACT Revenue Office and Access Canberra) was responsible for the administration of all other taxes.

Table 2: Tax waivers by revenue line¹

	2019-20		2020-21		2021-22		2022-23		2023-24	
	Number	\$'000	Number	\$'000	Number	\$'000	Number	\$'000	Number	\$'000
Payroll Tax ²	0	0	5	5,922	2	625	0	0	0	0
Conveyance Duty	0	0	1	11	0	0	0	0	3	75
Land Tax ²	8	33	8	457	8	82	4	10	4	21
General Rates	1	100	52	1,427	1	107	0	0	2	14
Land Rent	0	0	1	52	0	0	0	0	0	0
Lease Variation Charge	1	7	1	10	2	273	1	656	0	0
Total	10	140	67	7,879	13	1,087	5	666	9	110

Source: ACT Government data

Notes:

1. The number for waivers represents the number of signed waiver instruments, not the number of taxpayers being granted a waiver.
2. From 2020-21, payroll tax waivers and land tax waivers in the form of residential tenancy relief were dispensed as a waiver, a form of expense.

19) The 2023-24 Statement also includes information on the number and cost of other waivers for fees and charges. In 2023-24, the ACT Government provided 411 waivers of fees and charges in total, at the cost of \$433,000, a 23.4 per cent lower than the waivers provided in 2022-23 (\$566,000).

- a. The decrease in waivers of fees and charges in 2023-24 was mainly due to a 61.0 per cent decrease in the waiver for application fee to register and withdraw a Homes for Homes caveat to \$81,000, as well as a 24.3 per cent fall in the courts and tribunal fee waivers to \$103,000.
- b. This decrease in waivers of fees and charges was partially offset by an increase of 14.5 per cent in extension of time fee waivers to \$247,000.

Social concessions and supports

20) The Government provides social concessions and supports by way of revenue forgone and direct expenditure. In 2023-24, the total cost of social concessions and supports provided by the Government was \$231.1 million, with revenue forgone of \$190.4 million and direct expenditure of \$40.8 million. The total cost is 0.9 per cent higher than that in 2022-23 (\$229.1 million).

21) The Public housing rental rebate was by far the most significant social concession, which provided a total of 9,396 rebates with a value of \$136.8 million in revenue forgone. Other large expenditures for social concessions and supports in 2023-24 were:

- a. Utilities Concession, \$28.2 million in direct expenditure;

- b. Concessional and peppercorn leases for community groups, \$18.2 million in revenue forgone;
- c. ACTION bus and light rail concessions, totalling \$10.0 million in revenue forgone; and
- d. Special Needs Transport Program, \$6.8 million in revenue forgone.
- e. In 2023-24, Act of Grace payments constituted \$214,000 in direct expenditures.

Revisions

- 22) The tax waivers for application fee to register and withdraw a Homes for Homes caveat have been revised for 2020-21 from \$0 up to \$127,000 for 460 cases, for 2021-22 from \$0 up to \$27,000 for 174 cases, for 2022-23 from \$0 up to \$208,000 for 743 cases to reflect updated data sources.
- 23) The tax waivers for road transport of infringement notice penalties have been revised for 2021-22 from \$0 up to \$6,000 for 2 cases, for 2022-23 from \$0 up to \$6,000 for 7 cases to reflect updated data sources.
- 24) Due to the revision in the tax waivers for application fee to register and withdraw a Homes for Homes caveat and road transport of infringement notice penalties, the total cost of waivers of fees and charges have been revised for 2020-21 from \$935,000 for 137 waivers to \$1.1 million for 597 waivers, for 2021-22 from \$701,000 for 72 waivers to \$734,000 for 248 waivers, and for 2022-23 from \$352,000 for 102 waivers to \$566,000 for 852 waivers.
- 25) The tax expenditures for ACT secondary bursary scheme have been revised upwards for 2021-22 from \$714,000 to \$2.2 million, downwards for 2022-23 from \$1.3 million to \$0 to reflect updated data sources changed from calendar year to financial year.
- 26) The tax expenditures for Future of education student equity fund have been revised upwards for 2022-23 from \$3.0 million to \$3.8 million to reflect updated data sources changed from calendar year to financial year.
- 27) Due to the revisions in the tax expenditures for ACT secondary bursary scheme in 2021-22 and Future of education student equity fund in 2022-23, the total direct expenditures for cost of concessions and supports have been revised for 2021-22 to \$35.2 million, and for 2022-23 to \$37.7 million.
- 28) The tax expenditures for ACTON bus concession have been revised upwards for 2020-21 from \$5.68 million to \$5.79 million, and for 2021-22 from \$3.90 million up to \$3.97 million to reflect updated data sources.
- 29) The tax expenditures for Light rail concessions have been revised downwards for 2020-21 from \$1.5 million to \$1.4 million, and for 2021-22 from \$1.04 down to \$963,000 million to reflect updated data sources.
- 30) The tax expenditures for the Water and sewage rebate have been revised downwards for 2020-21 from \$5.47 million down to \$5.45 million, for 2021-22 from \$5.36 down to \$5.34 million, and for 2022-23 from \$5.32 down to \$5.30 million to reflect updated data sources.
- 31) Due to the revisions in the revenue forgone for ACTON buses, light rail concessions and water and sewage, the total revenue forgone has been revised for 2021-22 to \$195.2 million.

Public release

32) The Chief Minister and the Treasurer will agree on the timing and method of publishing the 2023-24 Statement.

FINANCIAL IMPACT

33) This Cabinet Submission **does not have financial impacts**. This project has been undertaken within existing resources of Treasury.

WELLBEING IMPACT SUMMARY

34) The *ACT Tax Expenditure Statement 2023-24* has been exempted from requiring a Wellbeing Impact Assessment.

CLOSING THE GAP - PRIORITY REFORMS

35) Nil.

CONSULTATION

External stakeholders

36) Nil.

ACT Government Agencies

37) Treasury has coordinated input from the ACT Revenue Office, Access Canberra, Infrastructure Canberra, the Environment, Planning and Sustainable Development Directorate, and the Justice and Community Services Directorate.

38) Within CMTEDD, consultation has also been undertaken with the ACT Revenue Office, Finance and Budget Group, Policy and Cabinet Division, and CMTEDD Strategic Finance.

MEDIA AND COMMUNICATIONS

39) The Tax Expenditure Statement is published annually on the ACT Treasury website.

IMPLEMENTATION

40) Nil.

HUMAN RIGHTS IMPACT

41) Nil.

ATTACHMENTS

- | | |
|---|--|
| A | Table of comments |
| B | Open Access Decision Summary |
| C | <i>ACT Tax Expenditure Statement 2023-24</i> |