

## Media release

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# Loopholes not Leaners Costing the Budget Billions

New government figures reveal superannuation and housing tax breaks for the wealthy are costing the budget ten times as much as leaving the GST off fresh food. The Treasury statement also shows that the cost of one form of tax concession for superannuation is set to double.

"The Abbott government says it will do anything to repair the budget bottom line, but their definition of anything does not extend to closing the loopholes which are draining tens of billions of dollars from the budget each year," said Dr Richard Denniss, Executive Director of The Australia Institute.

According to Treasury's Tax Expenditure Statement, which was released late Friday afternoon, the cost of the concessional tax treatment of superannuation fund earnings will blow out from \$13.4 billion in 2014-15 to \$25.8 billion 2017-18. The total cost of all of the different tax concessions for superannuation is forecast to hit \$45 billion by 2017.

Treasury also forecast that the cost of the Howard government decision to tax income from capital gains at half the rate of other forms of income will surge from \$5.8 billion to \$7.6 billion over the same period.

The vast majority of the benefits of these concessions go to the wealthiest 20 per cent of households.

"The major cause of the commonwealth budget deficit is the rapid reduction in the amount of revenue that is being collected.

"According to the OECD, the IMF, the World Bank and our own Commonwealth Treasury, the level of tax being collected in Australia is not just low by international standards, it is low by historical standards.

Calculations by the Australia Institute show that if the Abbott Government were to simply restore the tax/GDP era of the Howard government they would collect an additional \$34.8 billion per year.

"If Joe Hockey was serious about getting the budget back into surplus he would be cracking down on the loopholes and roots that allow multi-millionaires and some big foreign companies to pay zero tax in Australia. But instead he seems determined to crack down on the sick and the disabled," Concluded Dr Denniss.

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