

A2. TAX EXPENDITURE AND CONCESSIONAL CHARGES STATEMENT

Favourable tax treatment or lower fees or service charges may be granted to certain individuals, groups or organisations to support policy objectives. This tax expenditure and concessional charges statement recognises that such special treatment is economically equivalent to increasing expenses, and has the same effect on the budget outcome.

Tax expenditure estimates measure the additional tax that would have been payable if ‘benchmark’ (or standard) tax structures had been applied to all taxpayers and economic behaviour had remained unchanged. Tax expenditures arise from deviations from the benchmarks, and include specific tax exemptions, allowances and deductions, reduced tax rates, deferral of tax liabilities and tax credits.

Concessional charges are included for government agencies that provide goods and services to certain users at a lower fee or charge than to the wider community, in pursuit of economic or social policy goals, such as reducing the cost of living. The provision of these concessions may be supported directly from the Budget or indirectly through a reduction in agency obligations to make dividend or other payments, or a reduction in agency retained earnings. These concessions have a budget cost, regardless of whether they are the subject of a specific intragovernment transfer.

Judgement is required in delineating the ‘concessional’ and ‘structural’ features of a particular tax or service delivery scheme. The approach adopted is to treat the general application of a tiered tax schedule or charging regime as a structural element of the benchmark, rather than a concession to those paying less than the highest marginal rate of tax. Similarly, providing lower public transport fares for all children is included in the benchmark rather than as a concession. However, subsidised travel for eligible school children and senior citizens is treated as a concession. Provisions to prevent double taxation or to otherwise support the conceptual structure of a tax, rather than provide a benefit to a particular group of taxpayers, are generally excluded.

Caution should be exercised when using these estimates. They may not be comparable to estimates in other jurisdictions, which may use different definitions of the ‘structural’ and ‘concessional’ elements of taxes and charges. Similarly, changes to the benchmark definition and the classification of concessions may limit the comparability of some estimates to those in earlier budgets. Importantly, the estimates do not measure the amount of revenue that could be expected if the relevant concessional treatment were abolished, nor do they provide a reliable indication of the economic costs and benefits. This is because the concessions themselves influence behaviour patterns and levels of activity, which could be quite different in their absence.

A2.1 Overview of the estimates

Tax expenditures and concessional charges are listed in the following pages and, where possible, an estimate of the costs associated with each of the major items is provided to assist comparison with the budgetary cost of direct outlays.

In 2020-21, total measured tax expenditures and concessions provided by the New South Wales Government are expected to amount to \$8.4 billion, equivalent to 10.2 per cent of total New South Wales revenue.

Tax expenditures

Table A2.1 provides a summary of the total value of major tax expenditures (those valued at \$1.0 million or greater) for each of the main revenue sources. The estimates are for the financial years 2018-19 to 2020-21, except for land tax, which uses calendar years 2019, 2020, and 2021. The total value of major quantifiable tax expenditures is an estimated \$6.4 billion or 20.3 per cent of tax revenue in 2020-21.

Table A2.1: Major tax expenditures by type

Tax	2018-19		2019-20		2020-21	
	Tax Exp. \$m	Tax Exp. as % of tax revenue collected	Tax Exp. \$m	Tax Exp. as % of tax revenue collected	Tax Exp. \$m	Tax Exp. as % of tax revenue collected
Transfer Duty	670	9.0	766	11.0	839	10.6
General and Life Insurance Duty	1,056	103.3	1,063	97.5	1,100	97.6
Payroll Tax	1,771	18.9	2,336	27.5	1,665	19.5
Land Tax	1,114	26.4	1,146	25.6	1,138	24.5
Taxes on Motor Vehicles	683	29.7	711	30.3	764	32.1
Gambling and Betting Taxes	929	35.3	834	37.8	853	30.8
Parking Space Levy	72	65.8	72	65.9	72	64.8
Total	6,296	20.3	6,929	23.1	6,431	20.3

Changes to the estimates

The estimates in Table A2.1 include policy changes since the 2019-20 Budget. The NSW Government has announced a number of support measures to businesses and communities devastated by bushfires and COVID-19. Payroll tax waivers were introduced for smaller businesses, an exemption was applied to certain payroll amounts as a result of JobKeeper payments, the payroll tax rate has been temporarily reduced for two years to 4.85 per cent, and from 1 July 2020, the payroll tax threshold permanently increased to \$1.2 million.

The Government has also increased first home buyer concessions by reducing transfer duty for new homes valued between \$650,000 and \$1.0 million. The increased concessions are in place from 1 August 2020 to 31 July 2021.

These policy changes affect the tax expenditure estimates for payroll tax and transfer duty.

For further information on new policy measures please refer to Chapter 4 Revenue and Chapter 5 Expenditure.

Concessions

Table A2.2 classifies, by function, the major concessions provided by the NSW Government. The total value of major concessions, which accrue primarily to pensioners, older Australians and school students, is estimated at \$1.9 billion in 2020-21.

Table A2.2: Concessions by function

Function	2018-19 \$m	2019-20 \$m	2020-21 \$m
Public Order and Safety	13	10	14
Education	637	623	621
Health	277	288	308
Transport	463	441	355
Housing and Community	526	527	596
Economic Affairs	12	13	14
Recreation, Culture and Religion	4	4	4
Environmental Protection	12	12	13
Total	1,944	1,918	1,925

Education concessions, the major component of which is the School Student Transport Scheme, account for around a third of the total estimated cost of concessions. Housing and community concessions also account for almost a third of the total cost of concessions. These concessions mostly relate to concessional charges and rebates to low income households and pensioner concession card holders for utilities and council rates. Transport concessions, the major component of which are concessions to pensioners, seniors and welfare beneficiaries, account for around a fifth of the total.

2018-19 and 2019-20 actuals for public transport concessions and the School Student Transport Scheme are down from last year's estimates following updated patronage data and due to the impacts of the COVID-19 pandemic on concession holder's travel behaviour. Patronage levels have decreased between 40 per cent and 60 per cent when comparing August 2019 and August 2020, as Public Health Orders have encouraged people to stay at home. 2019-20 public transport concessions declined by approximately 7 per cent and the School Student Transport Scheme by approximately 16 per cent.

A2.2 Detailed estimates of tax expenditures

Transfer duty (including 'landholder' duty)

The benchmark tax base includes all transfers of dutiable property as defined in Chapter 2 of the *Duties Act 1997*, including New South Wales land, land use entitlements, transferable floor space, and partnership interests. Indirect acquisition of land under Chapter 4 of the *Duties Act 1997* (landholder duty) is also included.

The benchmark tax structure comprises a tiered rate scale with marginal tax rates varying from 1.25 to 5.5 per cent over six steps. A premium marginal rate of 7 per cent applies for residential property valued above \$3.0 million.

The basis for determining the value of land that establishes the threshold for the purposes of triggering landholder duty on the acquisition of an interest in a landholder was changed so that unencumbered value is used instead of unimproved land value, effective from 24 June 2020.

Surcharge purchaser duty applies to purchases of residential land by foreign persons at a rate of 8 per cent.

From 1 August 2020 to 31 June 2021, transfer duty thresholds for first home buyer exemptions or concessions will be temporarily increased for the purchase of a new home up to a value of \$1 million, or vacant land for homebuilding up to \$500,000.

The *Duties Act 1997* includes a number of exemptions designed to exclude the application of duty (apart from a nominal charge) to transactions where:

- duty has already been applied to an associated legal instrument or
- the change in legal ownership does not produce a change in beneficial ownership.

Exemptions that fall under the first of these two categories are not included as a tax expenditure, as exemptions of this nature are designed to avoid the double taxation that could occur if the exemption were not provided. Exemptions that fall under the second of these two categories are also not included, as they are designed to support the underlying structure of transfer duty, rather than to provide a benefit to a particular group of taxpayers. Examples of this second category include exemptions for changes in trustees, and the rearranging of assets within subsidiaries of the same corporate group.

Table A2.3: Transfer duty – major tax expenditures

	2018-19 \$m	2019-20 \$m	2020-21 \$m
Charitable/non-profit organisations/clubs			
An exemption is granted for transactions of charitable or benevolent organisations, as set out in Section 275 of the <i>Duties Act 1997</i> .	38	45	44
Government			
Councils and county councils The transfer of property to a council or county council is exempt under the <i>Local Government Act 1993</i> .	13	12	12
Individuals/families			
First Home Buyer concessions and exemptions From 1 August 2020 to 31 July 2021, temporary increases were made to exemptions or concessions available to first homebuyers for the purchase of a new home up to a value of \$1,000,000, or vacant land for homebuilding up to \$500,000. The previous arrangements remain unchanged, with exemptions or concessions available to first homebuyers for the purchase of a new or existing home up to a value of \$800,000, or vacant land for homebuilding up to \$450,000.	447	523	592
Transfer of residences between spouses or de facto partners An exemption is granted, subject to the property being their principal place of residence and jointly held after transfer.	98	100	99
Transfers of matrimonial property consequent upon divorce An exemption is provided for transfers of property in the break-up of marriage, de facto or domestic relationships under the <i>Family Law Act 1975 (Cwlth)</i> .	29	31	31
Purchases by tenants of Housing NSW and Aboriginal Housing Office An exemption is provided for purchases of a principal place of residence.	1	0	3
Rural			
Intergenerational rural transfers An exemption is granted for transfers of rural land used for primary production between generations, or between siblings, to facilitate younger family members taking over family farms.	44	54	58

Table A2.3: Transfer duty – major tax expenditures (cont.)

	2018-19	2019-20	2020-21
	\$m	\$m	\$m
Other			
Other Legislation			
An exemption is granted in other legislation for certain transfers of dutiable property.	1	0	...

Transfer duty – other major tax expenditures (> \$1.0 million)¹

- Only nominal duty is charged on transfers of property to a beneficiary entitled to it under the will of a deceased person.
- For ‘off the plan’ purchases by owner occupiers, duty may be deferred until completion of the sale or 12 months after the contract, whichever occurs first.

Transfer duty – minor tax expenditures (< \$1.0 million)

The following are exempt from transfer duty:

- approved equity release schemes for aged home owners
- certain purchases of manufactured relocatable homes (caravans)
- call option assignments, subject to certain conditions
- transfer of a liquor licence in certain circumstances under the *Liquor Act 2007*
- transfer of property related to a joint government enterprise that has the function of allocating funds for water savings projects
- purchase of a principal place of residence by tenants of Housing NSW, the Community Housing Program administered by Housing NSW and the Aboriginal Housing Office
- transfers where public hospitals are the liable party
- transfer of properties gifted to a special disability trust
- instruments executed by or on behalf of a council or county council under the *Local Government Act 1993*, not connected with a trading undertaking
- transfers for the purpose of amalgamation or de-amalgamation of clubs under the *Registered Clubs Act 1976*
- instruments executed by or on behalf of agencies within the meaning of the *Convention on the Privileges and Immunities of the Specialised Agencies* approved by the General Assembly of the United Nations in 1947
- transfers between associations of employees or employers registered under the *Workplace Relations Act 1996 (Cwlth)* for the purpose of amalgamation
- transfer of property to the NSW Aboriginal Land Council or Local Aboriginal Land Councils
- transfers of property between licensed insurers, and between the State Insurance Regulatory Authority (SIRA) and licensed insurers, under the *Workers Compensation Act 1987*

¹ Items listed under the ‘other major tax expenditures’ headings are those where the value of the tax expenditure is estimated to be more than \$1 million in at least one year, but there is insufficient data available on which to base a reliable estimate.

- acquisition of an interest in a primary producer that is not 'land rich'.

Concessional duty is charged in relation to:

- acquisitions in unit trust schemes, private companies or listed companies with land holdings in New South Wales of \$2.0 million or more, where the acquisition is for the purpose of securing financial accommodation
- buy-back arrangements of widely held unit trust schemes for the purpose of re-issuing or re-offering the units for sale, subject to certain criteria
- amalgamations of certain Western Lands leases under the *Western Lands Act 1901* where transfer duty has been paid on the transfer of other such leases in the previous three years.

The following are exempt from surcharge purchaser duty:

- Holders of subclass 410 (retirement) and 405 (investor retirement) visas from 1 July 2019
- Australian based developers subject to satisfying requirements relating to the construction and sale of new homes on the acquired land
- Developers of Build to Rent properties subject to satisfying requirements relating to the construction of such properties, from 1 July 2020.

A2.3 General insurance duty

The benchmark tax base for general insurance is all premiums paid for insurance policies, excluding life insurance, insurance covering property of the Crown in right of New South Wales, crop and livestock insurance and lenders mortgage insurance. The benchmark tax rate is 9 per cent of the premium paid.

Table A2.4: General insurance duty – major tax expenditures

	2018-19 \$m	2019-20 \$m	2020-21 \$m
Business			
Exemption for workers compensation premiums	239	252	280
Marine and cargo insurance			
An exemption is provided for marine insurance covering hulls of commercial ships and the cargo carried by land, sea or by air.	9	8	8
Small business exemptions			
From 1 January 2018, an insurance duty exemption is provided to small businesses for commercial vehicles, professional indemnity, and product and public liability.	57	54	53
Individuals/families			
Concessional rates for Type B general insurance, as identified in Section 233 of the <i>Duties Act 1997</i>			
A concessional rate of 5 per cent is applied to certain categories of general insurance, including motor vehicle (excluding compulsory third party), aviation, disability income, occupational indemnity and hospital and ancillary health benefits (where not covered by private health insurers).	307	310	316
Compulsory third party motor vehicle insurance			
An exemption is provided for third party motor vehicle personal injury insurance (green slip), as per the <i>Motor Accidents Act 1988</i> and the <i>Motor Accidents Compensation Act 1999</i> .	205	198	202

General insurance duty – minor tax expenditures (< \$1.0 million)

The following are exempt:

- insurance by non-profit organisations with the main aim being a charitable, benevolent, philanthropic, or patriotic purpose
- crop and livestock insurance taken out from 1 January 2018
- societies or institutions whose resources are used wholly or predominantly for the relief of poverty, the promotion of education, or any purpose directly or indirectly connected with defence or the amelioration of the condition of past or present members of the naval, military or air forces of the Commonwealth or their dependants or any other patriotic objectives
- insurance by the NSW Aboriginal Land Council or Local Aboriginal Land Councils
- insurance covering mortgages or pools of mortgages acquired for issuing mortgage backed securities
- separate policies covering loss by fire of tools, implements of work or labour used by any working mechanic, artificer, handcrafter or labourer
- redundancy insurance in respect of a housing loan that does not exceed \$124,000
- reinsurance.

A2.4 Life insurance duty

For temporary or term life insurance policies, life insurance riders, and trauma or disability insurance policies, the benchmark tax base is the first year's premium on the policies and the benchmark rate is 5 per cent. For group term insurance policies, duty of 5 per cent of the premium payable in any succeeding year in respect of any additional life covered by the policy is also charged.

The benchmark tax base for all other life insurance policies is the total sum insured. The benchmark tax rate is \$1 on the first \$2,000 and 20 cents for every additional \$200 or part thereof.

Table A2.5: Life insurance duty – major tax expenditures

	2018-19 \$m	2019-20 \$m	2020-21 \$m
Individuals/families			
Superannuation			
An exemption is granted to all group superannuation investment policies that are for the benefit of more than one member.	211	213	213
Annuities			
An exemption is granted to annuities.	28	28	28

A2.5 Motor vehicle stamp duty

The benchmark tax base is the value of all purchases and transfers of motor vehicles. The benchmark tax rate for passenger vehicles is \$3 per \$100, or part thereof, for vehicles valued up to \$44,999, and \$1,350 plus \$5 per \$100 for vehicles valued at \$45,000 or more.

Table A2.6: Motor vehicle stamp duty – major tax expenditures

	2018-19 \$m	2019-20 \$m	2020-21 \$m
Business			
New demonstrator motor vehicle An exemption is granted to licensed motor dealers and wholesalers under the <i>Motor Dealers Act 1974</i> .	98	94	105
Individuals/families			
Caravans and camper trailers An exemption is provided for transfers of registration of caravans and camper trailers.	45	42	47
Transfers on divorce or breakdown of a de facto relationship An exemption is granted for the transfer of registration to one of the parties to a divorce or separation in a de facto relationship.	3	3	3
Transfer of ownership of a deceased registered owner An exemption is granted for the transfer of registration to a nominated legal personal representative or to the person beneficially entitled to the vehicle in the estate.	9	9	10
Government/public amenities			
Local councils An exemption is granted for the transfer of registration into the name of a local council, not being for a trading undertaking.	10	11	12
Pensioners/concession card holders/disadvantaged			
War veterans and impaired members of the Defence Force An exemption is granted to DVA pensioners who meet certain pension or disability criteria.	2	2	2

Motor vehicle stamp duty – minor tax expenditures (< \$1.0 million)

The following are exempt:

- applications to register a heavy vehicle trailer, not previously registered under the Commonwealth or another Australian jurisdiction
- applications to register a heavy vehicle trailer, previously registered in the name of the applicant under the Commonwealth or another Australian jurisdiction
- all vehicles registered by non-profit charitable, benevolent, philanthropic or patriotic organisations
- vehicles specially constructed for ambulance or mine rescue work
- vehicles weighing less than 250kg used for transporting invalids
- vehicles registered by a Livestock Health and Pest Authority (now administered by Local Land Services), established under the *Rural Lands Protection Act 1998*

- vehicles registered by the NSW Aboriginal Land Council or Local Aboriginal Land Councils
- motor vehicles registered conditionally under the *Road Transport Act 2013*.

A concessional rate of duty applies to vehicles modified for use by disabled persons.

A2.6 Payroll tax

From 1 July 2019 to 30 June 2020 the payroll tax benchmark was aggregate annual gross remuneration in excess of \$900,000 paid by a single or group taxpayer. From 1 July 2020 the payroll tax benchmark is aggregate annual gross remuneration in excess of \$1.2 million paid by a single or group taxpayer. The benchmark tax rate has been reduced from 5.45 per cent to 4.85 per cent for all NSW businesses in 2020-21 and 2021-22. From 1 July 2022 the rate will revert back to 5.45 per cent.

Table A2.7: Payroll tax – major tax expenditures

	2018-19 \$m	2019-20 \$m	2020-21 \$m
Business			
Payroll tax waiver for small businesses			
Payroll tax customers whose total grouped Australian wages for the 2019-20 financial year are \$10 million or less, will have their annual tax liability for 2019-20 reduced by 25 per cent.	...	441	...
JobKeeper payments			
An exemption is granted for any additional wages paid to employees to meet the minimum fortnightly wage requirement under the JobKeeper Scheme.	...	65	90
Apprentices			
A full exemption/rebate applies to wages paid to apprentices or to employees in an approved non-profit group apprenticeship scheme.	61	60	48
Trainees			
A full exemption/rebate is provided for wages paid to trainees or to employees in an approved non-profit group traineeship scheme.	41	40	32
Maternity Leave			
An exemption is granted for maternity leave payments for a period of up to 14 weeks, or its equivalent at a reduced rate of pay.	39	40	35
Redundancy payments			
An exemption is provided for the Commonwealth tax-free part of a genuine redundancy or approved early retirement scheme payment.	5	6	5
Charitable/non-profit organisations/clubs			
Charitable institutions			
An exemption is granted to non-profit charitable, benevolent, patriotic or philanthropic organisations for wages paid to employees engaged exclusively in the normal work of these institutions.	282	292	255
Not-for-profit private hospitals			
An exemption is granted to non-profit private hospitals for wages paid to persons engaged exclusively in work of a kind ordinarily performed by a hospital.	20	21	18

Table A2.7: Payroll tax – major tax expenditures (cont.)

	2018-19	2019-20	2020-21
	\$m	\$m	\$m
Government/public amenities			
Public hospitals, Local Health Districts and Ambulance Service of NSW An exemption is granted for wages paid to persons engaged exclusively in the normal work of these organisations.	775	802	700
Local councils			
An exemption is granted to councils, county councils and their wholly owned subsidiaries, except for wages paid in connection with certain activities, such as the supply of electricity, gas, water or sewerage services, or the conduct of parking stations, hostels or coal mines. A full list of exclusions can be found in the <i>Payroll Tax Act 2007</i> .	240	249	215
Schools and colleges			
An exemption is granted to not-for-profit schools and colleges (other than technical schools, technical colleges or those carried on by or on behalf of the State of NSW) which provide education at or below, but not above, the secondary level of education.	263	275	226
Religious institutions			
An exemption is granted for wages paid to persons engaged exclusively in work of a kind ordinarily performed by religious bodies.	44	46	40

Payroll tax – minor tax expenditures (< \$1.0 million)

The following are exempt:

- wages paid to an employee who is on leave from employment by reason of service in the Defence Force
- wages paid to persons employed under the Community Development Employment Project administered by Aboriginal and Torres Strait Islander Corporations
- wages paid by the Australian-American Fulbright Commission
- wages paid by the Commonwealth War Graves Commission
- wages paid to members of the official staff by a consular or other non-diplomatic representative of another country or by a Trade Commissioner in Australia representing any other part of the Commonwealth of Nations
- wages paid for a joint government enterprise that has the function of allocating funds for water saving projects
- wages paid by the Governor of a State
- wages paid to employees while the employees are providing volunteer assistance to the State Emergency Services or Rural Fire Brigades (but not in respect of wages paid or payable as recreation leave, annual leave, long service leave or sick leave)
- adoption leave payments for a period of up to 14 weeks, or its equivalent at a reduced rate of pay
- paternity leave payments for a period of up to 14 weeks, or its equivalent at a reduced rate of pay.

A2.7 Land tax

The benchmark tax base is the average of the last three years unimproved land value of all land owned, on 31 December of the previous year, that is above the indexed threshold for that year (as defined in the *Land Tax Management Act 1956*). This excludes land used:

- for owner-occupied residences
- by the Commonwealth Government
- by the NSW Government.

The benchmark tax rate is \$100 plus 1.6 per cent of the land value between the thresholds of \$734,000 and \$4,488,000 for the 2020 land tax year, and \$755,000 and \$4,616,000 for the 2021 land tax year, and \$58,676 plus 2 per cent of land value thereafter. Surcharge land tax applies to residential land owned by foreign persons at the rate of 2 per cent per year. The benchmark tax base for surcharge land tax excludes certain commercial residential property.

Table A2.8: Land tax – major tax expenditures

	2018-19 \$m	2019-20 \$m	2020-21 \$m
Business			
Racing clubs			
An exemption is granted for land owned by or held in trust for any club for promoting or controlling horse racing, trotting or greyhound racing which is used primarily for the purposes of their meetings.	15	16	15
Employer and employee organisations			
An exemption is granted for land owned by or held in trust for employer and employee organisations for that part not used for a commercial activity open to members of the public.	5	5	5
Co-operatives			
An exemption is granted for land owned by a co-operative under the Co-operatives National Law (NSW) that has its objects listed in the <i>Co-operation Act 1923</i> .	17	17	17
Child care centres and schools			
An exemption is granted for land used as a residential child care centre licensed under the <i>Children and Young Persons (Care and Protection) Act 1998</i> or a school registered under the <i>Education Act 1990</i> .	7	7	7
Government/public amenities			
Cemeteries and crematoriums			
An exemption is provided for land owned by or in trust for use as a cemetery or crematorium.	26	27	27
Public and private hospitals			
An exemption is provided for land owned by or in trust for public or private hospitals (including nursing homes) and Local Health Districts.	33	34	34
Individuals/families			
Early payment discount			
A discount of 1.5 per cent is available where the full amount of land tax is paid within 30 days of issue of the notice of assessment.	35	35	35
Retirement Visa Holders			
An exemption from surcharge land tax for holders of subclass 410 (retirement) and 405 (investor retirement) visas.	3

Table A2.8: Land tax – major tax expenditures (cont.)

	2018-19 \$m	2019-20 \$m	2020-21 \$m
Pensioners/concession card holders/disadvantaged			
Retirement villages			
An exemption is granted for land used as retirement villages, and residential parks predominantly occupied by retired persons.	190	195	194
Boarding houses for low-income persons			
An exemption is granted for land used for boarding houses for which the rent charged is less than the amount prescribed by the guidelines.	13	13	13
Religious institutions			
Religious societies			
An exemption is provided for land owned by or in trust for a religious society carried on solely for religious, charitable or educational purposes.	24	24	24
Rural			
Land used for primary production			
An exemption is granted for land used for primary production. To qualify, land must be used for primary production for the purpose of profit on a continuous or repetitive basis.	749	771	764

Land tax – other major tax expenditures (> \$1.0 million)

The following are exempt:

- land owned by or in trust for any club or body of persons which is used primarily for the purpose of a game or sport and not for the pecuniary profit of the members
- buildings (or part thereof) occupied by a society, club or association and not carried on for pecuniary profit of members
- land owned by or in trust for an entity which is used solely for charitable or educational purposes and not for the pecuniary profit of members
- land owned by a society registered under the *Friendly Societies (NSW) Code*
- land used for the Sydney Light Rail
- public gardens, recreation grounds or reserves
- land owned and used by a local council
- public authorities representing the Crown
- New South Wales State and Local Aboriginal Land Councils
- fire brigades, ambulances or mines rescue stations
- religious societies' places of worship and residences of clergy, ministers or orders of the society
- land used to hold agricultural shows, which is owned by, or held in trust for, a society established for the purpose of holding, promoting and funding such shows.

The following are exempt from surcharge land tax:

- Australian based developers subject to satisfying requirements relating to the construction and sale of new homes on the acquired land
- Developers of Build to Rent properties subject to satisfying requirements relating to the construction of such properties, from 1 July 2020.

Land tax – minor tax expenditures (< \$1.0 million)

The following are exempt:

- low cost accommodation within 5 km of Sydney GPO
- Primary Products Marketing Boards, Local Land Services and Agricultural Industry Service committees
- community land development
- land subject to a conservation agreement in perpetuity under the *National Parks and Wildlife Act 1974* or a trust registered under the *Nature Conservation Trust Act 2001*
- land owned, held in trust or leased by the Nature Conservation Trust of NSW, or land subject to a permanent conservation or trust agreement
- land that is the subject of a BioBanking agreement
- land owned by a joint government enterprise that has the function of allocating funds for water saving projects
- land used solely as a police station
- land owned by RSL (NSW Branch), being Anzac House
- principal place of residence of a person with a disability, in a Special Disability Trust.

A concession is provided for unoccupied flood-liable land.

A2.8 Vehicle weight tax

The benchmark tax base is all vehicles (except Commonwealth vehicles) intended for on-road use. The benchmark tax rates, which vary by vehicle type, weight, usage and other factors, are updated annually by the NSW Government.

From 1 January 2020, charges for cars, station wagons and trucks up to 4.5 tonnes Gross Vehicle Mass are based on a 12-step graduated weight scale, ranging from:

- \$219 (0 - 975kg) to \$1,221 (4,325 - 4,500kgs) for private use vehicles
- \$356 (0 - 975kg) to \$2,310 (4,325 - 4,500kgs) for business use vehicles.

From 1 January 2020, charges for trailers and caravans up to 4.5 tonnes Gross Vehicle Mass are based on a 12-step graduated weight scale, ranging from:

- \$0 (0 - 254kg) to \$1,221 (4,325 - 4,500kgs) for private use vehicles
- \$106 (0 - 254kg) to \$2,035 (4,325 - 4,500kgs) for business use vehicles.

Table A2.9: Vehicle weight tax – major tax expenditures

	2018-19 \$m	2019-20 \$m	2020-21 \$m
Business			
General purpose plant Concessions are provided for machines that cannot carry any load other than tools and accessories necessary for the operation of the vehicle.	40	39	39
Government/public amenities			
Roadwork equipment An exemption is granted for any motor vehicle, plough, bulldozer, mechanical scoop or shovel, road grader, road roller or similar machinery owned by a local council that is used for the purposes of road repair, maintenance or construction, removal of garbage or night soil, bushfire fighting or civil defence work, or for any roller, lawn mower or similar machinery used solely or principally for the rolling or maintenance of tennis courts, cricket pitches, lawns or pathways.	5	5	6
Commonwealth Government vehicles Any vehicle leased to a Commonwealth Authority is exempt from tax under Section 16, Part 3, (2) (d) of <i>Commonwealth Vehicles (Registration and Exemption from Taxation) Act 1997</i> (Cwlth).	1	1	1
Concessions provided under part 4, Sections 16 and 17 of the <i>Motor Vehicles Taxation Act 1988</i> including vehicles specially constructed for the work of conveying sick or injured persons or to carry out mine rescue, and agricultural vehicles that do not travel on a road.	2	2	2
Pensioners/concession card holders/disadvantaged			
Selected social security recipients An exemption is granted for any motor vehicle used substantially for non-business purposes owned by holders of Pensioner Concession Cards, Department of Veterans' Affairs (DVA) Totally and Permanently Incapacitated Cards or DVA Gold War Widows Cards.	311	322	333
Rural			
Primary producers Primary producer concessions include, for motor vehicles not greater than 4.5 tonnes of gross vehicle mass, private rates rather than business rates for cars and station wagons and 55 per cent of business rates for trucks, tractors and trailers.	52	62	67

Vehicle weight tax – minor tax expenditures (< \$1.0 million)

The following are exempt:

- motor vehicles (not government owned) used principally as an ambulance
- motor vehicles (not government owned) used by the State Emergency Service
- motor vehicles on which a trader's plate is being used in accordance with the *Road Transport (Vehicle Registration) Act 1997* or the regulations under that Act
- motor vehicles owned by Aboriginal Land Councils
- motor vehicles of consular employees and trade missions.

Concessions are provided as follows:

- a concessional rate of 55 per cent of business rates (or 30 per cent if outside the Sydney metropolitan area, Newcastle or Wollongong districts) is applied to any motor vehicle that is used solely or principally as a tow truck with a crane and hook
- a concessional rate of 88 per cent is provided for mobile cranes used for private use
- a concessional rate of tax is applied to any motor vehicle that is owned by a Livestock Health and Pest Authority (now administered by Local Land Services) and is used solely for carrying out the functions of the board
- a concessional rebate of \$100 from vehicle registration is given to first and second year apprentices registered with the NSW Department of Education.

A2.9 Motor vehicle registration fees

The benchmark tax base is all vehicles intended for private on-road use. From 1 July 2019, the standard registration fee for light vehicles (up to 4.5 tonnes Gross Vehicle Mass) is \$67 per annum but a range of other charges are levied for temporary or conditional registration, for registration transfer or cancellation, for special permits and on heavy vehicles.

Registration administration fees and vehicle tax are reviewed annually and may increase as part of the annual NSW Treasury approved Consumer Price Index. There is currently no change to registration and licensing fees for the financial year starting 1 July 2020, and the annual increase has been deferred to a later date.

Table A2.10: Motor vehicle registration fees – major tax expenditures

	2018-19 \$m	2019-20 \$m	2020-21 \$m
Pensioners/concession card holders/disadvantaged			
Selected social security recipients			
An exemption is granted to holders of Pensioner Concession Cards, DVA			
Totally and Permanently Incapacitated Cards and DVA Gold War Widows			
Cards (subject to income and disability pension rate thresholds) for a single			
vehicle used substantially for social or domestic purposes.	58	60	63
Private Vehicles			
Toll Relief Program			
Toll Relief provides free vehicle registration for eligible NSW motorists who			
spend \$26 a week or more on tolls, on average, in the previous financial year.			
NSW motorists who spend \$16 a week or more on tolls, on average, in the			
previous financial year are eligible for half-price registration.	47	59	74

Motor vehicle registration fees – minor tax expenditures (< \$1.0 million)

An exemption is provided for Mobile Disability Conveyance.

A2.10 Gambling and betting taxes

The benchmark for gaming machines in hotels and registered clubs is defined to be the rates of taxation applying to hotels, which vary based on a progressive rate scale depending on the level of annual profits from gaming machines. The point of consumption (PoC) tax is levied on all bets placed with Australian based wagering operators by New South Wales residents. The benchmark rate for PoC tax is 10 per cent of New South Wales net wagering revenue.

Table A2.11: Gambling and betting taxes – major tax expenditures

	2018-19 \$m	2019-20 \$m	2020-21 \$m
Charitable/non-profit organisations/clubs			
Club gaming machines			
Poker machines installed in clubs registered under the <i>Registered Clubs Act</i> 1976 are taxed at lower rates than poker machines installed in hotels.	879	728	744
Business			
Totalizator licensee PoC tax offset			
A PoC tax credit will be provided to the totalizator licensee in recognition of existing betting taxes paid and racing parity arrangements to achieve a competitively neutral outcome.	50	106	109

Gambling and betting taxes – minor tax expenditures (< \$1 million)

A full rebate of tax is provided to racing clubs operating non-TAB Ltd pools.

A2.11 Parking space levy

The benchmark is the number of off-street parking spaces in Category 1 areas (City of Sydney, North Sydney and Milsons Point business districts) or Category 2 areas (Chatswood, Parramatta, St Leonards and Bondi Junction business districts).

The benchmark levy is indexed annually to movements in the Sydney CPI, over the year to the previous March quarter. For 2019-20 and 2020-21, the benchmark levy was \$2,490 per space in Category 1 areas and \$880 per space in Category 2 areas.

Table A2.12: Parking space levy – major tax expenditures

	2018-19 \$m	2019-20 \$m	2020-21 \$m
Business			
General exemptions and concessions for Category 1 and 2 areas			
An exemption is granted for certain parking spaces for bicycles and motor cycles, residents of the same or adjoining premises, use under the mobility parking scheme, loading and unloading of goods or passengers, cranes and other plant, overnight parking of emergency service vehicles, private vehicles parked on land owned by councils, religious organisations or bodies, charities or benevolent institutions, persons providing services on a casual basis, unused casual parking or unleased tenant parking.	61	62	62
Additional exempt parking spaces in Category 2 areas			
An exemption is granted for spaces for customers attached to retail outlets, hotels, motels, clubs, restaurants, medical centres, car hire and sales, repair and wash establishments and funeral parlours.	11	10	10

A2.12 Detailed estimates of concessions

Details of concessions by function are shown below for major concessions worth \$1.0 million or more.

Table A2.13: Public order and safety – major concessions

	2018-19 \$m	2019-20 \$m	2020-21 \$m
Pensioners/concession card holders/disadvantaged			
Court interpreting and translation services Multicultural NSW provides translation and interpreting services in NSW courts.	5	5	7
Court fee concessions Court fees may be reduced or waived, subject to guidelines issued by the Attorney General, in circumstances where a person's capacity to pay may otherwise limit his or her access to justice.	3	3	3
Government/public amenities			
Concessions for NSW State Hallmark Events The NSW Police Force does not charge for all additional police costs associated with crowd control and traffic management services for designated NSW State Hallmark Events such as the Royal Easter Show.	5	2	4

Public order and safety – minor concessions (< \$1.0 million)

- The NSW Police Force does not charge for additional policing services for minor sporting events, agricultural shows and rural field days in the northern, southern or western region. It also does not charge for some or all of the additional policing services provided for events run by charities and not-for-profit organisations sponsored by a Government agency, meeting appropriate criteria.

Table A2.14: Education – major concessions

	2018-19 \$m	2019-20 \$m	2020-21 \$m
Students			
School Student Transport Scheme The School Student Transport Scheme provides subsidised travel to and from school for eligible students on government and private bus, rail, and ferry services, long distance coaches and in private vehicles where no public transport services exist.	534	526	503
Jobs of Tomorrow (STEM) Scholarships Students training in science, technology, engineering or maths-related courses through Smart and Skilled are eligible for a \$1,000 scholarship.	6	3	...

Table A2.14: Education – major concessions (cont.)

	2018-19 \$m	2019-20 \$m	2020-21 \$m
Pensioners/concession card holders/disadvantaged			
Smart and Skilled – VET concessions and exemptions			
Fee concessions are available to Commonwealth welfare beneficiaries and people with a disability, as well as their dependents and partners, undertaking Certificate IV and below qualifications. Fee exemptions are available to students with a disability, as well as their dependents and partners, for their first qualification in a calendar year. Fee exemptions are also available to Aboriginal students.	85	94	95
Smart and Skilled – VET concessions and exemptions			
Skilling for Recovery – Full qualifications fee free training places	23
Smart and Skilled Fee-free scholarships			
Concession-eligible 15-30 year olds are entitled to one fee-free scholarship per year and two fee-free scholarships over four years. In 2016, scholarships were extended to individuals aged 15-17 who are in out-of-home care and individuals aged 18-30 who have previously been in out-of-home care.	12

Table A2.15: Health – major concessions

	2018-19 \$m	2019-20 \$m	2020-21 \$m
Pensioners/concession card holders/disadvantaged			
Ambulance service for concessional patients			
Free ambulance transport is provided to holders of Pensioner, Health Care, or Department of Veterans' Affairs concession cards.	222	208	211
Ambulance service for bushfire-affected communities			
Free ambulance transport provided to bushfire-affected communities.	...	24	32
Outpatient Pharmaceutical Scheme for concessional patients			
Pharmaceuticals are provided to concessional patients at a discounted price or free of charge once the safety threshold is reached.	14	14	15
Outpatient Pharmaceutical Scheme for S100 Concessional Public Patients			
Concessions provided to concessional patients up to the safety threshold.	3	3	2
Outpatient Pharmaceutical Scheme for S100 General Public Patients			
Concessions provided to general patients up to the safety threshold.	6	7	12
Concessional car parking fees at NSW public hospitals			
Car parking concessions are provided to certain categories of patients, and their carers, which recognise regular or long-term hospitalisation and treatment.	14	14	16
Life Support and Medical Energy Rebates Scheme			
A rebate is provided for energy costs for eligible recipients and costs associated with certain life support systems.	11	11	12
Medical Energy Rebate			
Assistance is provided for households that use air conditioning to assist with a medically diagnosed inability to manage body temperature.	2	2	3
Spectacles Program			
The Stronger Communities Cluster assists those who are most vulnerable and disadvantaged in the community to acquire spectacles and other vision aids such as contact lenses.	5	4	5

Table A2.16: Transport – major concessions

	2018-19 \$m	2019-20 \$m	2020-21 \$m
Pensioners/concession card holders/disadvantaged			
Public transport concessions			
Pensioners, seniors, welfare beneficiaries and students travel for less than full fare on bus, rail, taxi and ferry services (excluding School Student Transport Scheme).	336	290	214
Home and Community Care Program & Community Transport Program			
Transport for NSW provides community transport services to frail aged and younger people with disabilities, and their carers, under the Home and Community Care Transport Sub-program. Transport for NSW also provides subsidised transport for people with special needs due to physical conditions, significant social disadvantages or geographical isolation under the Community Transport Program.	87	87	91
Driver's licence fee exemption			
Transport for NSW provide a driver's licence fee exemption to holders of Pensioner Concession Cards, DVA Totally and Permanently Incapacitated Cards and DVA Gold War Widows Cards, subject to income and disability rate thresholds, where the vehicle owned by the licence holder is used substantially for social and domestic purposes.	40	64	50

Transport – minor concessions (< \$1.0 million)

- Roads and Maritime Services offers a concession on private mooring licences to holders of Pensioner Concession Cards and Repatriation Health Cards.

Table A2.17: Housing and Community – major concessions

	2018-19 \$m	2019-20 \$m	2020-21 \$m
Charitable/non-profit organisations/clubs			
Crown land rent concessions			
Rent concessions to various Crown land tenure holders in circumstances where individuals or organisations experience difficulty making payments by the due date, and in circumstances to recognise the level of community benefit provided by groups and organisations.	12	15	12
Exempt properties water rate concession			
A partial discount is provided on Sydney Water Corporation and Hunter Water Corporation charges to owners of properties used for non-profit provision of community services and amenities (principally councils, religious bodies and charities):			
• Sydney Water Corporation	17	19	20
• Hunter Water Corporation.	2	2	2
Pensioners/concession card holders/disadvantaged			
Low Income Household Rebate			
Energy bill rebates are available to customers who hold eligible concession cards.	223	222	226

Table A2.17: Housing and Community – major concessions (cont.)

	2018-19 \$m	2019-20 \$m	2020-21 \$m
Pensioner water rate concession Funding is provided to Sydney Water Corporation and Hunter Water Corporation to provide Pensioner Concession Card holders, who are direct customers, with a rebate for their water and sewerage charges.			
• Sydney Water pensioners receive a 100 per cent discount on the fixed water service charge, an 86 per cent discount on the wastewater service charge, and a 50 per cent discount on the stormwater service charge.	124	127	144
• Hunter Water pensioners receive a rebate on the water, sewerage and stormwater service charge. Environmental levy charges are also waived.	14	14	20
Local council rates concession Local council rates are reduced for holders of Pensioner Concession Cards.	76	75	79
Individuals/families			
Energy Accounts Payment Assistance Energy bill rebates are available to assist people experiencing a short-term financial crisis or emergency to pay their electricity or gas bill.	23	14	45
Family Energy Rebate Energy bill rebates are available to families who have received the Family Tax Benefit.	7	5	8
Gas Rebate A rebate is provided to eligible households to assist with gas bills.	27	27	29
Hardship and Low-Income Schemes Funding is provided to Sydney Water Corporation and Hunter Water Corporation to provide concessions through hardship and low-income schemes for customers in financial hardship.	1	1	1
Seniors Energy Rebate Assistance for independent retirees who hold a valid Commonwealth Seniors Health Card to help with the cost of living.	...	6	10

Housing and Community – minor concessions (< \$1.0 million)

- Essential Energy provides an offset to the cost of concessions on water charges given to eligible customers.
- WaterNSW grants exemptions from fixed availability charges to a number of customers, which include pensioners, schools and charities.
- DPIE funds Sydney Water Corporation to provide subsidies for a septic pump-out service to unsewered urban properties in the Blue Mountains.
- DPIE funds Hunter Water Corporation to provide concessions to customers in financial hardship.
- The Planning Ministerial Corporation provides rent rebates and waivers as a result of COVID-19.

Table A2.18: Economic affairs – major concessions

	2018-19 \$m	2019-20 \$m	2020-21 \$m
Pensioners/concession card holders			
Fishing licence concession			
Fishing licence concessions are provided to eligible persons.	9	9	9
Business			
Sydney Startup Hub rental subsidy			
Rental discounts to Sydney Startup Hub tenants who meet subsidy criteria	3	4	5

Economic affairs – minor concessions (< \$1.0 million)

- Forestry Corporation of NSW provides discounts to charities seeking permits for non-profit events and provides discounts to pensioners for firewood.

Table A2.19: Recreation, culture and religion – major concessions

	2018-19 \$m	2019-20 \$m	2020-21 \$m
Seniors/children/disadvantaged/special groups			
Recreational vessel registration and boat driving licence			
Transport for NSW provide a 50 per cent concession on recreational vessel registration and recreational boating licences to holders of Pensioner Concession Cards and Repatriation Health Cards.	4	4	4

Recreation, culture and religion – minor concessions (< \$1.0 million)

- The Sydney Living Museum offers concessional admission charges to the unemployed, children, pensioners, seniors and students. The Sydney Living Museum provides a sleep over program for regional and rural school students.
- The Sydney Opera House provides concessional charges on guided tours for children, pensioners, seniors, students and school group tours. Concession tickets are available to many Sydney Opera House productions for Australian pensioners/seniors, full-time students and children.
- The Sydney Opera House provides a supported venue hire rate to select charitable organisations, community groups or arts organisations that the Sydney Opera House supports or has an existing relationship with, on a case-by-case basis.
- The Sydney Opera House, through the Access Program, provides accessible performances and programs for people with disabilities, including free tailored excursions and tours, performing arts workshops and supported music programs.
- The Museum of Applied Arts and Sciences provides concessional admission charges for children, students, seniors and the unemployed, and free admission for carers that hold a Companion Card. Country residents are entitled to a concession on the Museum's household membership.
- The Taronga Conservation Society Australia provides discounted entry to its zoological parks (including Taronga Zoo in Sydney and the Taronga Western Plains Zoo in Dubbo) for Concession Card holders, tertiary education students and school students.

Table 2.20: Environmental protection – major concessions

	2018-19 \$m	2019-20 \$m	2020-21 \$m
Seniors/children/disadvantaged/special groups			
Entry to national parks			
Holders of Pensioner Concession Cards, seniors, volunteers and community groups receive free or discounted entry to national parks.	12	12	13

Environmental protection – minor concessions (< \$1.0 million)

- Game and Pest Management Trust Fund provides a discounted rate on game hunting licences for eligible pensioners and minors.
- NSW National Parks and Wildlife Service offer fee concessions for a range of activities.