

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 Result.

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 intra-government 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. For example, 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 2022-23, total measured tax expenditures and concessions provided by the NSW Government are expected to amount to \$9.6 billion, equivalent to 9.3 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 million or greater) for each of the main tax revenue sources. The estimates are for the financial years 2020-21 to 2022-23, except for land tax, which uses calendar years 2021 to 2023. The total value of major quantifiable tax expenditures is an estimated \$7.5 billion or 18.8 per cent of tax revenue in 2022-23.

Table A2.1: Major tax expenditures by type

Tax	2020-21		2021-22		2022-23	
	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	1,033	10.8	924	6.3	789	7.3
General and Life Insurance Duty	1,143	97.9	1,242	95.6	1,324	96.3
Payroll Tax	1,753	19.6	2,148	24.0	2,122	19.2
Land Tax	1,165	23.9	1,255	25.9	1,397	24.7
Taxes on Motor Vehicles	650	19.0	701	20.2	767	21.4
Gambling and Betting Taxes	794	29.1	888	35.8	970	29.7
Parking Space Levy	81	78.9	82	79.7	85	79.7
Total	6,619	19.2	7,240	18.5	7,454	18.8

Changes to the estimates

The estimates in Table A2.1 include policy changes since the 2021-22 Budget.

In the 2021-22 Half-Yearly Review, the NSW Government announced it will waive 50 per cent of 2021-22 payroll tax for businesses impacted by the COVID-19 Delta outbreak. The waiver is available to businesses with grouped Australian wages of \$10 million or less that experienced a decline in turnover of 30 per cent or more as a result of the COVID-19 public health orders during the Delta outbreak. This policy change affects the tax expenditure estimates for payroll tax.

Land tax is payable annually (on a calendar year basis) either in full or over instalments. A discount of 1.5 per cent is available to taxpayers who pay their land tax in full within 30 days after their assessment has been issued. The land tax early payment discount will be lowered to 0.5 per cent from 1 January 2023.

Payroll tax relief is being offered to employers of aged care workers who pass on payments received under the Commonwealth's Aged Care Workforce Bonus Payment program to their workforce. Eligible aged care employees can receive payments totalling up to \$800 under the program. These payments would otherwise have been liable for payroll tax under the *Payroll Tax Act 2007*.

Eligible jobs created under a subprogram of the Future Economy Fund may be exempt from payroll tax. The subprogram is estimated to provide \$51 million in payroll tax exemptions over five years from 2022-23.

Transport Asset Holding Entity of NSW (TAHE) was granted a state tax exemption until 30 June 2023 by way of regulation for land owned by or leased to TAHE and used primarily for railway purposes. A review of land, the relevant legislation and exemptions will need to be conducted before TAHE can estimate the land tax payable.

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 \$2.2 billion in 2022-23.

Table A2.2: Concessions by function

Function	2020-21 \$m	2021-22 \$m	2022-23 \$m
Public Order and Safety	12	17	17
Education	620	671	741
Health	300	445	305
Transport	442	399	524
Housing and Community	564	525	550
Economic Affairs	15	14	10
Recreation, Culture and Religion	5	7	8
Environmental Protection	13	14	16
Total	1,971	2,092	2,171

The following sections provide a breakdown by taxation and policy function line. Tax expenditure measures and concessions that have an impact over \$1 million are itemised in a table. Those with an impact less than \$1 million are then summarised.

A2.2 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 \$3.1 million.

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

First home buyers are eligible for duty exemptions for purchases up to \$650,000, and concessional duty for a new or existing home valued up to \$800,000. Additionally, the Government continues to offer a \$10,000 First Home Owner Grant for first home buyers purchasing a new home worth up to \$600,000, and for first home buyers purchasing vacant land and building a new home worth up to \$750,000 in total.

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*

	2020-21 \$m	2021-22 \$m	2022-23 \$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> .	30	53	46
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> .	12	15	13
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.			
From 1 August 2021, the previous arrangements were reinstated, 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.	750	555	450
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.	43	53	50
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> .	116	159	149
Purchases by tenants of Housing NSW and Aboriginal Housing Office			
An exemption is provided for purchases of a principal place of residence.	1	1	1
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.	53	82	67
Interest in a primary producer			
Acquisition of an interest in a primary producer that is not 'land rich'.	28	6	13

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

The following are exempt from transfer duty:

- approved equity release schemes for aged home owners
- certain purchases of manufactured relocatable homes (caravans)
- certain transfers of property granted in other legislation
- 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
- 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*.

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 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.

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.

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

	2020-21 \$m	2021-22 \$m	2022-23 \$m
Business			
Exemption for workers compensation premiums	292	329	363
Marine and cargo insurance			
An exemption is provided for marine insurance covering hulls of commercial ships and cargo carried by land, sea or air.	10	11	12
Small business exemptions			
An insurance duty exemption is provided to small businesses for commercial vehicles, professional indemnity, and product and public liability.	72	80	84
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).	340	379	401
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> .	190	192	192

General insurance duty – minor tax expenditures (< \$1 million)

The following are exempt from insurance duty:

- 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, hand crafter 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

	2020-21 \$m	2021-22 \$m	2022-23 \$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	222	240
Annuities			
An exemption is granted to annuities.	28	29	32

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, or part thereof, of the vehicle's value over \$45,000 for vehicles valued at \$45,000 or more.

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

	2020-21 \$m	2021-22 \$m	2022-23 \$m
Business			
New demonstrator motor vehicle An exemption is granted to licensed motor dealers and wholesalers under the <i>Motor Dealers Act 1974</i> .	85	63	62
Individuals/families			
Caravans and camper trailers An exemption is provided for transfers of registration of caravans and camper trailers.	37	50	50
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.	10	11	11
Electric and hydrogen vehicles An exemption is available for electric vehicles and hydrogen fuel cell vehicles under \$78,000 (GST-inclusive) from 1 September 2021.	...	10	28
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.	9	7	7
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.	1	1	1

Motor vehicle stamp duty – minor tax expenditures (< \$1 million)

The following are exempt from motor vehicle stamp duty:

- 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 250 kg 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

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 temporarily 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

	2020-21 \$m	2021-22 \$m	2022-23 \$m
Business			
Payroll tax waiver for small to medium sized businesses			
Payroll tax customers whose total grouped Australian wages for the 2021-22 financial year are \$10 million or less and had a 30 per cent decline in turnover as a result of the COVID-19 public health orders during the Delta outbreak, had their annual tax liability for 2021-22 reduced by 50 per cent.	...	410	...
Jobs Plus			
Payroll tax relief is available to eligible businesses for up to four years for every new job created where a business has created at least 30 net new jobs in metropolitan NSW or 20 net new jobs in non-metropolitan NSW.	...	4	18
JobKeeper payments			
An exemption is granted for any additional wages paid to employees to meet the minimum fortnightly wage requirement under the JobKeeper Scheme.	82
Apprentices			
A full exemption/rebate is provided for wages paid to approved apprentices under the <i>Apprenticeship and Traineeship Act 2001</i> and those employed by approved non-profit group training organisations.	62	65	71
Trainees			
A full exemption/rebate is provided for wages paid to approved new trainees under the <i>Apprenticeship and Traineeship Act 2001</i> and those employed by approved non-profit group training organisations.	38	40	43
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.	26	27	33
Redundancy payments			
An exemption is provided for the Commonwealth tax-free part of a genuine redundancy or approved early retirement scheme payment.	9	10	12
Aged care employers			
Exemptions are provided to eligible aged care employers for bonus wages paid to eligible employees from the Commonwealth's aged care payment schemes.	2	1	...
Future Economy Fund			
Eligible jobs created under a subprogram of the Future Economy Fund may be exempt from payroll tax.	1

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

	2020-21 \$m	2021-22 \$m	2022-23 \$m
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.	262	274	334
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.	18	19	23
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.	720	750	914
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> .	243	253	309
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.	252	254	314
Religious institutions			
An exemption is granted for wages paid to persons engaged exclusively in work of a kind ordinarily performed by religious bodies.	39	41	50

Payroll tax – minor tax expenditures (< \$1 million)

The following are exempt from payroll tax:

- 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 nondiplomatic 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 \$822,000 and \$5,026,000 for the 2022 land tax year, and \$67,364 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, increasing to 4 per cent from 2023. The benchmark tax base for surcharge land tax excludes certain commercial residential property.

Table A2.8: Land tax – major tax expenditures

	2021 \$m	2022 \$m	2023 \$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.	16	17	19
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	6
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> .	18	19	22
Childcare centres and schools			
An exemption is granted for land used as a residential childcare 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> .	8	8	9

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

	2021 \$m	2022 \$m	2023 \$m
Government/public amenities			
Cemeteries and crematoriums An exemption is provided for land owned by or in trust for use as a cemetery or crematorium.	27	29	33
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.	35	37	43
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 in 2021 and 2022. The discount will reduce to 0.5 per cent from 2023.	41	46	17
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.	197	213	243
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	14	16
Low-cost rental accommodation An exemption is provided for low-cost rental accommodation within a 5km radius of 1 Martin Place, Sydney.	1	1	2
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.	25	27	30
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.	779	839	957

Land tax – other major tax expenditures (> \$1 million)

The following are exempt from land tax:

- 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.

A concession in the form of a 50 per cent reduction in land value for land tax purposes is available to eligible Build to Rent properties.

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
- holders of subclass 410 (retirement) and 405 (investor retirement) visas.

Land tax – minor tax expenditures (< \$1 million)

The following are exempt from land tax:

- 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.

A concession is provided for unoccupied flood-liaable 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 2021, 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:

- \$224 (0 – 975 kg) to \$1,252 (4,325 - 4,500 kgs) for private use vehicles
- \$359 (0 – 975 kg) to \$2,334 (4,325 - 4,500 kgs) for business use vehicles.

From 1 January 2021, 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 – 254 kg) to \$1,252 (4,325 - 4,500 kgs) for private use vehicles
- \$109 (0 – 254 kg) to \$2,087 (4,325 - 4,500 kgs) for business use vehicles.

From 1 July 2023, the NSW Government will introduce a new tolling relief scheme where, every quarter, eligible customers receive a 40 per cent rebate for every dollar spent on tolls once they have spent \$375. This will replace the existing Motor Vehicle Registration Relief Scheme.

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

	2020-21 \$m	2021-22 \$m	2022-23 \$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.	36	39	41
Other			
Concessions provided under Part 4, section 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
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	6	7
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> (Cth).	1	1	1

Table A2.9: Vehicle weight tax – major tax expenditures (cont.)

	2020-21 \$m	2021-22 \$m	2022-23 \$m
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.	333	354	377
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.	71	77	84
Private Vehicles			
Toll Relief Program – weight tax component Toll Relief provides free vehicle registration for drivers who have spent \$1,352 or more on tolls in the previous financial year (an average of \$26 a week). Drivers who've spent \$811 or more during the previous financial year (an average of \$16 a week), will be eligible for half-price registration. The toll spend must have been accumulated on NSW toll roads, with a NSW tolling account.	57	77	93

Vehicle weight tax – minor tax expenditures (< \$1 million)

The following are exempt from vehicle weight tax:

- 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 rebate of \$100 for vehicle registration is given to first and second year apprentices registered with the NSW Department of Education.

A2.9 Gambling and betting taxes

The benchmark for gaming machines in hotels and registered clubs is 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.

Since the NSW point of consumption tax was introduced on 1 January 2019, the totalizator licensee is entitled to offset their betting tax and tax parity liabilities against their point of consumption tax liability. This measure is not included as a tax expenditure as it is designed to avoid double taxation on bets made by NSW residents.

Table A2.10: *Gambling and betting taxes – major tax expenditures*

	2020-21 \$m	2021-22 \$m	2022-23 \$m
Charitable/non-profit organisations/clubs			
Club gaming machines			
Poker machines installed in clubs registered under the <i>Registered Clubs Act 1976</i> are taxed at lower rates than poker machines installed in hotels.	794	888	970

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

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

A2.10 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 2021-22, the benchmark levy was \$2,540 per space in Category 1 areas and \$900 per space in Category 2 areas.

Table A2.11: *Parking space levy – major tax expenditures*

	2020-21 \$m	2021-22 \$m	2022-23 \$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.	70	71	74
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	11	11

A2.11 Detailed estimates of concessions

Details of concessions by function are shown below for major concessions worth \$1 million or more.

Table A2.12: Public order and safety – major concessions

	2020-21 \$m	2021-22 \$m	2022-23 \$m
Pensioners/concession card holders/disadvantaged			
Court interpreting and translation services			
Multicultural NSW provides translation and interpreting services in NSW courts.	7	7	7
Court fee concessions			
Court and tribunal 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 Australia Day.	2	7	7

Public order and safety – minor concessions (< \$1 million)

- The NSW Police Force does not charge for additional policing services for minor sporting events and agricultural shows in regional NSW.
- 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 meeting government policy criteria.

Table A2.13: Education – major concessions

	2020-21 \$m	2021-22 \$m	2022-23 \$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.	512	514	587
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.	94	95	93

Table A2.13: Education – major concessions (cont.)

	2020-21 \$m	2021-22 \$m	2022-23 \$m
Smart and Skilled – VET concessions and exemptions			
Skilling for Recovery – Full qualification fee free training places	7	16	14
Skilling for Recovery – Additional fee gap on existing full qualification training places	7	46	47

Table A2.14: Health – major concessions

	2020-21 \$m	2021-22 \$m	2022-23 \$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.	220	225	228
Ambulance service for bushfire-affected communities			
Free ambulance transport provided to bushfire-affected communities.	15
Ambulance service for COVID affected patients			
From March 2020, free ambulance treatment and/or transport for suspected COVID or COVID Vaccination reactions.	1	24	5
Outpatient Pharmaceutical Scheme for S100 Concessional Public Patients			
Concessions provided to concessional patients up to the safety threshold.	2	2	3
Outpatient Pharmaceutical Scheme for S100 General Public Patients			
Concessions provided to general patients up to the safety threshold.	12	13	14
Outpatient Pharmaceuticals Scheme for concessional Patients.			
Pharmaceuticals provided to concessional patients at a discounted price or free of charge once the safety threshold is reached.	14	15	16
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.	17	17	17
Rapid Antigen Testing Concessional Access Program			
Free Rapid Antigen Tests (RAT) to eligible Commonwealth Concession card holders. Commenced on 24 January 2022 and ends on 31 July 2022. The program allows eligible concession card holders to access up to 20 RATs over this period (no more than 5 per month).	...	129	...
Life Support Rebate			
Assistance is provided for households that use electricity to run equipment to sustain life.	12	12	13
Medical Energy Rebate			
Assistance is provided for households that use air conditioning to assist with a medically diagnosed inability to manage body temperature.	3	3	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.	4	5	6

Table A2.15: Transport – major concessions

	2020-21 \$m	2021-22 \$m	2022-23 \$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.	222	189	298
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.	86	88	96
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.	47	32	34
Pensioners/concession card holders/disadvantaged			
Selected social security recipients – registration fees			
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.	62	64	67
Driver Knowledge Test			
The Driver Knowledge Test is free for some learner drivers – NSW State Emergency Service, NSW Rural Fire Service and NSW Volunteer Rescue Association, participants in the Driver Licensing Access Program and drivers undertaking the test with a Correction Centre or Juvenile Justice Centre.	14	11	11
Driving tests			
Pensioners are able to sit their driving test for free.	1	1	1
Private Vehicles			
Toll Relief Program – registration fees component			
Toll Relief provides free vehicle registration for drivers who have spent \$1352 or more on tolls in the previous financial year (an average of \$26 a week). Drivers who've spent \$811 or more during the previous financial year (an average of \$16 a week), will be eligible for half-price registration. The toll spend must have been accumulated on NSW toll roads.	10	14	17

Transport – minor concessions (< \$1 million)

- Transport for NSW offers a concession on private mooring licences to holders of Pensioner Concession Cards and Repatriation Health Cards.
- A motor vehicle registration fee exemption is provided for Mobile Disability Conveyance.
- Motorcycle Operator Skill Test – Free Riding Skill Test for pensioners.
- Pensioners and other concession card holders get free Mobility Parking Scheme permits (if they also have a mobility disability).
- NSW Photo Cards are free for pensioners and seniors cardholders.

Table A2.16: Housing and Community – major concessions

	2020-21 \$m	2021-22 \$m	2022-23 \$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	12	12
Exempt properties water rate concession			
Funding is provided to Sydney Water Corporation and Hunter Water Corporation for discounted charges to owners of properties used for non-profit provision of community services and amenities (principally councils, religious bodies and charities):			
• Sydney Water Corporation	13	18	18
• 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.	202	224	232
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 concessions 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.	116	114	117
• Hunter Water pensioners receive concessions on water, sewerage and stormwater service charges. Environmental levy charges are also waived.	15	16	16
Local council rates concession			
Local council rates are reduced for holders of Pensioner Concession Cards.	79	79	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.	45	19	23
Family Energy Rebate			
Energy bill rebates are available to families with dependent children who have received the Family Tax Benefit.	39	3	8
Gas Rebate			
A rebate is provided to eligible households to assist with gas bills.	29	30	31
Hardship and Low-Income Schemes			
Funding is provided to Sydney Water Corporation and Hunter Water Corporation to provide concessions to customers in financial hardship.	2	2	2
Seniors Energy Rebate			
Assistance for independent retirees who hold a valid Commonwealth Seniors Health Card to help with the cost of living.	10	6	10

Housing and Community – minor concessions (< \$1 million)

- Essential Energy provides concessions on water and sewerage charges to eligible customers.
- WaterNSW grants concessions to customers facing affordability difficulties and provides access licence and work approval fee exemptions.
- The Department of Planning and Environment funds Sydney Water Corporation to provide subsidies for a septic pump-out service to unsewered urban properties in the Blue Mountains.
- The Lands Administration Ministerial Corporation provides rent concessions to various Crown land tenure holders in recognition of circumstances such as limited income and the level of community benefit provided by groups and organisations as well as when individuals or organisations experience difficulty making payments by the due date.
- The Planning Ministerial Corporation provides rent rebates and waivers as a result of COVID-19.

Table A2.17: *Economic affairs – major concessions*

	2020-21 \$m	2021-22 \$m	2022-23 \$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. In 2022-23 Jobs for NSW Fund will fund subsidies for July-September only.	6	5	1

Economic affairs – minor concessions (< \$1 million)

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

Table A2.18: *Recreation, culture and religion – major concessions*

	2020-21 \$m	2021-22 \$m	2022-23 \$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
Museum of Applied Arts and Sciences The Museum of Applied Arts and Sciences provides free general admission into the Ultimo Powerhouse	0	2	3
Discounted entry to zoological parks 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.	1	1	1

Recreation, culture and religion – minor concessions (< \$1 million)

- The State Library of NSW offers concessional membership to pensioners, Seniors Card holders or full-time students.
- A 10 per cent discount is provided to Friends of the Library (members) at the State Library of NSW shop and cafe. If the Friend has been a member for 10 years this increases to a 20 per cent discount at the shop.
- A loan fee waiver applies to NSW public libraries who borrow collection material from the State Library of NSW, and discretionary discounts and waivers are provided for digital images.
- The Sydney Living Museum offers concessional admission charges to the unemployed, children, pensioners, healthcare card holders, Veteran's Affairs cardholders, seniors and 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.

Table A2.19: *Environmental protection – major concessions*

	2020-21 \$m	2021-22 \$m	2022-23 \$m
Seniors/children/disadvantaged/special groups			
Entry fee to national parks			
Holders of Pensioner Concession Cards, seniors, volunteers and community groups receive free or discounted entry to national parks.	13	14	16

Environmental protection – minor concessions (< \$1 million)

- NSW National Parks and Wildlife Service offer fee concessions for a range of activities.