



# Principles and approaches to measuring gaps

Our methodology to estimate tax gaps and how we calculate the voluntary compliance ratio.

**Last updated** 3 November 2025

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# Overview of tax gap estimates

Learn what tax gaps are and how we estimate them.

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Tax gaps estimate the difference between what the ATO expects to collect and the amount that would have been collected if every taxpayer was fully compliant with the law.

We use appropriate methods to calculate gap estimates across the range of taxes we collect in Australia.

The process of gap estimation is technically complex. In essence, it measures the unobservable. As such, our scope, methods, data and estimates will continue to evolve with improvements. Revisions to our estimates are likely in future releases.

For each gap, we provide our current analysis for the year on that topic, including:

- specific methodology used
- data sources
- key assumptions.

# Tax gap research program

How we group tax gaps and handle the complex relationships between them.


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## Gaps analysis

The gaps are grouped into 3 programs of analysis:

- **Transaction-based tax gaps** – taxes collected and paid by an entity further up in the supply chain (with the cost generally borne by the consumer), such as goods and services tax (GST) and fuel excises.
- **Income-based tax gaps** – income tax for individuals and businesses, large and small super funds, and fringe benefits tax gaps.
- **Other tax gaps** – these include programs that are administered by the government on behalf of the community, including pay as you go (PAYG) withholding, superannuation guarantee and other administered programs.

### Figure 1: Tax gap research program overview

 The tax gap research program uses a top-down approach for fuel excise, goods and services tax, and luxury car tax; a bottom-up model-based approach for large corporate groups, large super funds, petroleum resource rent tax, fringe benefits tax, alcohol, product stewardship for oil, and tobacco; a bottom-up random enquiry program for individuals not in business, small business, small super funds, pay as you go withholding, super guarantee, and SMSF illegal early access; and a bottom-up statistical approach for high wealth private groups, medium business, wine equalisation tax, and fuel tax credits.

## Relationship between gaps

The relationship between the various gaps is complex. While some are mutually exclusive, some are closely related or form subsets within the established gap estimates. For example:

- work-related expenses, levies, rebates and concessions are subsets of the income-based tax gaps for small business and individuals
- some gaps arise through employment – employment-related gaps include PAYG withholding, superannuation guarantee and fringe benefits tax (for individuals).

In addition, we see varying degrees of deliberate avoidance of tax, referred to internationally as the shadow economy. We see this in a number of gap estimates – for example, unreported income is included in individuals not in business, small business, PAYG withholding and superannuation guarantee.

These complexities demonstrate why caution is needed when aggregating the gap estimates into one figure.

## **Tax gap populations**

We have a specific tax gap population framework to define and allocate every taxpayer to a gap estimate to ensure we can construct a complete picture of the tax and super systems. We develop a specific set of rules to use given the complexity in the populations, particularly in the business populations. These rules ensure there is no overlap between gap estimate populations.

Our early gap estimates were transaction-based taxes, such as GST and excise. The populations for these estimates are readily defined. All taxpayers that interact with these taxes can be grouped together. For example, all entities pay the same rate of GST, regardless of their structure or turnover.

As we began estimating income tax gaps, we realised the design of the gap program would require segmenting of the income-tax-paying population. We segment populations to ensure that gap research findings are meaningful for the community, government and us as an administrator of the system.

### **Transaction-based tax gap populations**

Unlike income-based tax gaps, transaction-based gap populations are generally easier to determine.

Broadly, an entity only needs to be registered to participate in that activity to be included in a transaction-based gap estimate. For example, a business can only charge or claim GST if it is registered for GST. Additionally, entities need to lodge the required forms (generally an activity statement) to demonstrate that they are an active business. This principle holds true regardless of the size or type of the entity being assessed.


Transaction-based tax gaps include:

- Alcohol tax gap
- Fuel excise tax gap
- Goods and services tax gap
- Luxury car tax
- Tobacco tax gap
- Wine equalisation tax

## **Income-based tax gap populations**

Taxpayers can only be allocated into one tax gap population. We allocate them in accordance with the hierarchy shown in Figure 2. All companies and individuals are allocated from left to right to the first relevant category in the hierarchy.

### **Figure 2: Income tax gap population hierarchy**

 All companies and individuals are allocated in the order from large corporate groups to high wealth, individuals not in business, small business, and medium business.

### **Large corporate groups**

As businesses tend to operate as a collection of entities, we consider business taxpayers from a group perspective. That is, one group may be made up of multiple tax entities that have a common owner. Our large corporate groups income tax gap estimate includes all economic groups with turnover greater than \$250 million.

### **High wealth**

We consider individuals and private groups that control total net assets of \$50 million and over as high wealth private groups. Like large corporates, we consider the whole business group associated with the

high wealth private group. The exception is any part of the group that is already included in our large corporate group analysis. This is in keeping with the tax gap principle of no double-counting.

### **Individuals not in business**

These are taxpayers who mainly receive salary and wages with some other income, including non-business income from the sharing economy, and what we refer to as 'passive income'. Passive income can include dividend, interest and rental income. In defining this taxpayer population, we exclude individuals that form part of the high wealth private groups to avoid double-counting. We refer to these taxpayers as individuals not in business.

We recognise there are many businesses that do not fall into these groups above. These businesses fall into the 2 categories of small or medium business, described as follows.

### **Small business**

We define a small business as a business with an aggregate turnover of less than \$10 million. This includes various operating structures, such as sole traders, corporate groups, small business proprietors, trusts and partnerships.

These small businesses are subject to different tax treatments and certain concessions. The compliance challenges of these businesses are different from those of larger businesses. We differentiate them from larger business to enable us to have insights that are more appropriate to the small business population.

### **Medium business**

We define the final group of taxpayers as medium businesses. These comprise corporate economic groups with an aggregate turnover of \$10 million to \$250 million, as well as the individuals controlling these business groups. These businesses tend to have more complex structures compared to small businesses and, consequently, more complex tax affairs.

Populations for super and fringe benefits tax are covered separately to the income tax populations and are expanded on within their own method sections.

## **Other tax gaps: Administrative and PAYG withholding gap populations**

Broadly, the administrative gap populations are defined by legislation. As is pay as you go (PAYG) withholding which can only occur where an entity has an employee. Therefore, if a business has an employee, regardless of the type of business they are, they are captured as part of this gap population.

These tax gaps include:

- Fuel tax credits gap
- PAYG withholding gap
- Product stewardship for oil gap
- Superannuation guarantee gap

## **Tax gaps internationally**

According to the OECD's latest tax administration report, 28 countries estimate the tax gap in some form. Of those 28 jurisdictions, 8 publish an overall tax gap, and of those, only 3 publish their tax gap annually. Other jurisdictions publish their tax gaps on a 2, 3 or 4-year basis. The countries that publish their tax gap estimates annually are:

- Australian Taxation Office – Australia
- Agenzia delle Entrate – Italy
- His Majesty's Revenue and Customs (HMRC) – United Kingdom

The other countries that estimate and publish tax gap are:

- Canada Revenue Agency (CRA) – Canada
- Internal Revenue Service (IRS) – United States
- Receita Federal do Brasil – Brazil
- Skatteverket – Sweden.

The European Commission (EU) uses external researchers to identify the value-added tax (VAT) gap in each of its 28 member countries. The Organisation for Economic Co-operation and Development (OECD) and the International Monetary Fund (IMF) provide support to jurisdictions in estimating tax gaps.

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## Tax gap framework

Our tax gap estimates aim to quantify the level of non-compliance across the 4 pillars.

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### 4 pillars of compliance

The 4 pillars of compliance are:

- registration
- lodgment
- reporting, and
- payment obligations.

Where possible, we estimate the amount of revenue not collected from those who fail to register or lodge. However, penalties and interest are not included in gap estimates.

### 2 measures of the tax gap

We have 2 measures of the tax gap – the gross gap and the net gap.

The **gross gap** is the difference between the amount:

- voluntarily reported to the ATO
- we would have collected if every taxpayer was fully compliant with tax law (that is, the theoretical tax liability).


The **net gap** is the difference between the amount:

- voluntarily reported to the ATO **plus** amendments because of compliance activities and voluntary disclosures
- we would have collected if every taxpayer was fully compliant with tax law.

We estimate gaps for the year the economic activity occurred and are based on the law and the administrative approaches at that time.

Figure 3 shows the components of the tax gap, including the net gap, the gross gap, the amount reported and theoretical tax liability.

### Figure 3: Components of tax gap

 3 components make up the overall theoretical tax liability: 1. Expected voluntary tax and amendments due to compliance activities and voluntary disclosures make up the total of expected tax collections. 2. Amendments due to compliance activities and voluntary disclosures and tax not collected make up the gross gap. 3. Any tax not collected is the net gap.

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## How we measure tax gaps

Learn the 2 broad methods we use to estimate tax gaps.

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### Methods to estimate gaps

We typically use 2 broad statistical methods to estimate tax gaps – top-down or bottom-up methods (shown in Figure 4).


- **Top-down methods** use externally provided aggregated data sources to estimate the size of the tax base, from which we estimate the theoretical tax liability. The difference between the theoretical tax liability and the amount we receive is the estimated tax gap. A top-down approach is typically used for indirect taxes.
- **Bottom-up methods** involve a detailed examination of data sources, such as tax returns, audit results (including random enquiry programs), risk registers or third-party data-matching information. We use this information to determine the extent of non-compliance across the whole population, from which we estimate the tax gap. A

bottom-up approach is typically used for direct taxes. There are 3 types as shown in Figure 5 and [described further below](#).

#### **Figure 4: Our 2 methods to estimate tax gaps**

 Our 2 general approaches are 1. top down and 2. bottom up. 1. A flow on effect from external aggregate data (for example, national accounts or industry data) uses the top-down approach to arrive at the theoretical tax liability. This is suited to indirect and volumetric taxes. 2. A flow on effect from internal administrative data (for example, random enquiry, compliance and illustrative data) uses the bottom-up approach to arrive at gap sub-components which are extrapolated to the whole population. This is suited to direct taxes.

#### **Figure 5: Method for each gap estimate**

 1. Transaction-based tax gaps include fuel excise, wine equalisation tax, luxury car tax, alcohol excise, goods and services tax, and tobacco. 2. Income-based tax gaps include large super funds, petroleum resource rent tax, medium business, high wealth, small business, individuals not in business, fringe benefits tax, small super funds, and large corporate groups. 3. Other tax gaps include fuel tax credits, product stewardship for oil, SMSF illegal early access, superannuation guarantee, and pay as you go withholding. Administrative gaps can't be added to transaction or income-based gaps due to potential overlaps. Note that some gaps are affected by the shadow economy. Shadow economy impacts for fuel tax credits are estimated from 2021–22.


## **Choosing the methodology**

We choose the methodology that provides the most reliable estimate for each gap we measure. In doing this, we carefully consider the characteristics of each gap, including:

- the design of the tax or program
- the characteristics of the population
- availability and quality of data.

Assessing these factors helps us decide which method is the most appropriate to use. For example, to use a top-down method we generally require external data. If we don't have a reliable external data

source available, we know we'll need to use a bottom-up method to generate a reliable result.

We assess our methodologies for reliability, and where possible test them against alternatives to ensure that we are using the most appropriate methodology. We consult with our [engagement, advice and assurance](#)  on the options available to us. We also look to other jurisdictions to see what methodologies they use for similar gaps.

We continually work to update and improve our gap estimates. Part of this involves assessing the methodology used, to ensure it's still the most appropriate option. This means we can remain confident that our gap estimates are reliable and credible.

## Gap approaches in detail

This section provides a more detailed explanation of the top-down and bottom-up methods we use to measure tax gap estimates.

### Top-down methods

A top-down method essentially looks at a system and breaks it down to understand each of its constituent parts and how these work individually. Top-down methods use external information about the system for which we are constructing an estimate.

This method doesn't always provide information on what drives the tax gap, but rather tells us that a gap exists. An example of this is the goods and services tax (GST) gap, which uses information collected through the Australian National Accounts data set. This data is collated by the Australian Bureau of Statistics (ABS) and, therefore, sits outside data collected by us – for example, audit data.

### Bottom-up methods

We have used 3 broad types of bottom-up methods:

- [random enquiry estimates](#)
- [statistical-based approaches](#)
- [model-based approaches](#).

### Random enquiry programs

A random enquiry program (REP) is a process for selecting tax returns for evaluation. As the name suggests, the tax returns are randomly selected. This ensures that all have the same likelihood of being chosen.

This is unlike operational audit selection processes, which focus on taxpayers considered to have a higher risk of non-compliance with a potentially large amount of tax at risk. Operational audit data is biased towards this high risk, high consequence segment of taxpayers.

In contrast, random selection avoids any systematic selection of segments of the population. It is designed to provide an unbiased representation of taxpayer information.

## **Statistical-based approaches**

Statistical-based approaches use a set of mathematical models to estimate an outcome where it would be impractical to obtain a data set that covers 100% of the population being estimated.

The 2 types of statistical-based approaches used within the tax gap program to estimate various tax gaps are:

- [regression analysis](#)
- [extreme value theory](#).

## **Regression analysis**

Regression analysis is a standard statistical technique for estimating the relationships between one variable and a series of other variables. The regression can be used to identify the probability or the magnitude of the tax gap using all available taxpayer records and compliance results.

To produce reliable and credible results when using regression analysis, corrections need to be made for selection bias. This bias exists because taxpayers we undertake our compliance activities on are higher risk taxpayers. If we don't adjust for this bias, our estimates are likely to be wrong and conclusions misleading. We adjust for selection bias using either:

- propensity score matching
- Heckman's correction.

The benefit of regression analysis is that it is useful in identifying characteristics that help predict whether a taxpayer is non-compliant,

as well as characteristics that help predict the degree of non-compliance. Based on these characteristics, or drivers, the size of the tax gap can be estimated for the taxpayers that are modelled to be non-compliant.

## **Extreme value theory**

Extreme value theory is appropriate when the data is characterised by extreme outlier observations – for example, the data follows the 80/20 rule. That is, a small number of the data points (20%) make up most of the total value (80%).

This type of data is commonly seen in finance and science. We also see it in the data related to amendments to tax returns, both positive and negative. This can be from taxpayer adjustments or because of our compliance activities.

When we look at extreme values, we look to the relationship between the size of the extreme values. Their rank is estimated and applied to the population to inform the final tax gap estimate.

## **Model-based approaches**

Where a random enquiry is not suitable, and available data does not match the assumptions required for a statistical approach, we use model-based approaches.

Model-based approaches identify the key themes, factors or channels that contribute to the gap, which are then used to inform the final estimate. Like all our estimates, they draw on all available data including expert judgment, management information and system data to inform the final estimate.

These approaches can also be individually referred to as:

- micro-analytical simulation
- illustrative
- channel analysis.

The aspect they have in common is a disaggregation, the analysis of known information, then an aggregation to a final estimate.

# Ensuring complete gap estimates

How we provide an estimate of the amount of revenue not collected in our tax gap program.

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## Tax gap sub-programs

As highlighted in [Australian tax gaps – overview](#), our gap estimates must be complete. This means they must account for both known and unknown factors.

To achieve this outcome, we have invested in 2 broad sub-programs to quantify the dollar value of factors relating to both – non-detection and the shadow economy.

Each of these sub-programs within the tax gap program have a significant level of complexity. The definition of each sub-program, and what they are attempting to estimate, are detailed below.

## Non-detection

Non-detection factors are applied to bottom-up estimates that draw on compliance data to ensure factors outside our control are accounted for. For example, it is right to assume that during an audit, not every dollar of missing tax will be identified and recovered. If this correction is not applied, it leads to the estimate understating the true extent of the gap.

We also understand that perfect data is an unrealistic assumption. We know that the data we use or collect is imperfect or limited, and the processes used to analyse the data are not guaranteed to capture all errors, or the full extent of the errors identified. Imperfections or limitations can include partial and full omissions, errors, misallocations, and even deliberate falsehoods.

Systemic errors that relate to the gap estimate not reflecting the full system or population are considered separately, outside the definition of non-detection. We normally use separately estimated factors to correct for this type of error and adjust the estimate directly. For

example, the estimate for people outside the system in the small business tax gap sits in this category of error correction.

## **Addressing non-detection**

Our current estimates draw on both internationally accepted uplift factors as well as judgment-based factors drawn from experts in the field. Each gap estimate covers its approach separately to ensure each estimate is complete in terms of the holistic philosophy of tax gap.

Our estimates of the elements of non-detection error will continue to be developed and refined over time, using a range of methods. We consider that the development of tailored non-detection multipliers based on Australian data would enhance our non-detection methodology.

## **Shadow economy**

In our previous releases, we provided tax gap estimates for 'the black economy'. For tax gap purposes, we now refer to this as the 'shadow economy', in line with other jurisdictions internationally. Although these terms are often used interchangeably, the term shadow economy is more commonly recognised when referring to tax.

We recognise shadow economy impacts as defined in the Black Economy Taskforce final report. This is based on the OECD definitions which includes illegal activity as well as economic activities that are productive and legal but are deliberately concealed to avoid payment of taxes and compliance with regulations.

Internationally, these amounts are more broadly referred to as estimates of the shadow economy, which more correctly reflects the tax effect of this economic activity.

It's important to understand that not all tax gap estimates are related to shadow economy activity. Where we have identified a tax gap as having a regular and consistent shadow economy impact, we separately identify this amount. For gaps with identified shadow economy impacts, the remaining tax gap would be attributable to errors that are not deliberate in nature.

A portion of shadow economy activity is already incorporated (indirectly) into existing gap estimates. Where it is not accounted for, we have committed to undertake further work to improve the credibility of our tax gap estimates. Our focus is on identifying the tax

effect of the shadow economy – that is, taxes lost because of this activity.

Key impacts of the shadow economy relating to our tax gaps are:

- people outside the system
- people inside the tax system who under-report income
- accounting for hidden wages
- illicit activity impacting the excise system.

A summary of the shadow economy gap is included in **Australian tax gaps – overview**, with additional gap-by-gap summaries in the methodology section of each gap estimate.

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## Tax gap glossary

List of tax gaps terms and their meanings.

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Following is a list of terms and meanings we use in our tax gap program.

Term	Meaning
accrual revenue	Accrual revenue is based on the 'economic transaction method'. It reflects the tax liabilities for the period in which an economic activity actually occurred. This approach facilitates comparison with economic events in the same period.
aggregated turnover	Another definition of group income is anchored in Division 328 of the <i>Income Tax Assessment Act 1997</i> (ITAA 1997), which describes small business entities. It differs from the 'total business income' definition. It

	<p>is generally the annual turnover of the business plus the annual turnover of any business connected to or affiliated with it.</p>
<p>Australian Bureau of Statistics (ABS)</p>	<p>The statistical agency of the Australian Government. The ABS provide statistical information on a wide range of economic, environmental and social issues. This assists and encourages informed decision-making, research and discussion within governments and the community.</p>
<p>Australian National Accounts</p>	<p>Economic statistics produced by the ABS on income, expenditure and production in the economy.</p>
<p>avoidance</p>	<p>Tax avoidance occurs when taxpayers exploit the tax laws to gain an advantage. Such transactions generally serve no commercial purpose and are entered into merely to obtain a tax benefit that was not intended by parliament. The extent to which tax avoidance is included in the tax gap depends on whether it is contestable.</p>
<p>bottom-up approach</p>	<p>A detailed examination of specific data sources (typically individual tax returns through audit or review) to determine the extent of non-compliance across the whole population. Data sources can range from tax returns, audit data, risk registers or data matching. It includes random enquiries, operational data, statistical approaches and model-based methods. These methods are typically used for direct taxes.</p>
<p>business activity statement (BAS)</p>	<p>The form lodged by businesses on a monthly, quarterly or annual basis to report certain tax obligations, including PAYG, fringe benefits tax (FBT), luxury car tax (LCT), wine</p>

	equalisation tax (WET), and goods and services tax (GST).
compliance	In accordance with established legislation and the intent and spirit of the tax law.
compliance activities	Direct interventions we initiate to ensure taxpayers comply with their tax and superannuation obligations.
economic group	Financially or administratively connected entities with a common source of control (majority or effective ownership of greater than 50%).
error	Mistakes made in submitting information to us, including when lodging a tax return. An error can be intentional or unintentional.
excise	A tax on alcohol, fuel and petroleum products produced or manufactured in Australia. Collectively, these products are referred to as excisable goods.
excise equivalent goods (EEGs)	Imported alcohol, fuel and petroleum products (including LPG, LNG and CNG) that are subject to duty are treated consistently with goods manufactured in Australia.
evasion	The act of evading tax obligations. Tax evasion occurs when people break the law by not reporting all their income, or dishonestly overstating deductions to reduce the amount of tax they need to pay. Examples of tax evasion include under-reporting income, not reporting cash wages, not lodging tax returns or not paying employee super entitlements.
excise clearance data	The excisable units (litres, numbers or kilograms) of excisable products

	cleared for home consumption and reported by excise clients on their excise return.
failure to take reasonable care	Occurs when a taxpayer does not do what a reasonable person in the same circumstances would have done. Circumstances include age, health, knowledge and education.
fraud	Wrongful or criminal deception intended to result in financial or personal gain. This includes claiming tax refunds and money laundering, using false or stolen identities, claiming GST credits for goods or services that GST was not paid on, and claiming deductions for expenses not incurred or legally deductible.
fuel excise	A tax on fuel and petroleum products (excisable goods) produced or manufactured in Australia. Imported fuel and petroleum products are subject to customs duty at a rate equivalent to excise. This is to ensure they are treated consistently with goods manufactured in Australia. These imported goods are referred to as excise equivalent goods (EEGs).
gross tax gap	The net gap <b>plus</b> the amount of revenue we raise and collect through our compliance activities.
high wealth private groups	A private business group that controls net wealth of \$50 million or more.
interest (as in business interest in another business entity)	Majority or effective ownership of a business entity within an economic group.
luxury car tax (LCT) payable	The amount of luxury car tax payable, as reported at label <b>1E</b> on the business activity statement.

median adjustment	The midway point of all label adjustments made. The median differs from the mean, which is the arithmetic average (adding all adjustments and dividing by the number of labels adjusted). The reason we use median rather than mean is because it is a more accurate representation of adjustments, as it reflects the sample size being used. For example, a small number of large value adjustments will overstate the true value of adjustments in the sample.
net tax gap	The difference between theoretical tax according to the law, and actual tax paid voluntarily and expected to be collected because of compliance activities.
non-detection	Some errors are not identified in bottom-up methodologies. To fully estimate the gap, we increase the amounts that we do identify to account for amounts we don't. We refer to this increase as an 'uplift factor'. Non-detection is inherently difficult to estimate, and we will revise the uplift factors applied as our methodologies improve.
non-payment	Debts to us that have been written off or are currently outstanding.
pay as you go (PAYG) withholding	The value of income tax withholding payable by employers on employee salary and wages. Other withholding not from salary and wages (including non-resident interest, dividend or royalty withholding, no-ABN and no-TFN) are excluded.
petroleum resource rent tax (PRRT)	A profits-based tax that only taxes profits above a specified rate of return from the sale of petroleum resources. PRRT is not a royalty or a traditional income tax. It is rather a

	<p>tax on 'rents' in the sense of excess returns that only taxes assessable receipts when they exceed deductible expenditure on a project-by-project basis. PRRT will only arise when a project has recovered all eligible outlays associated with the project (after deducting eligible exploration expenditure transferred from other projects), including the achievement of a threshold rate of return on the outlays.</p>
pillars of compliance	<p>The 4 pillars of compliance are:</p> <ul style="list-style-type: none"> <li>• correctly registering in the system</li> <li>• lodging tax information on time</li> <li>• reporting complete and accurate information</li> <li>• paying tax obligations on time.</li> </ul>
random enquiry program (REP)	<p>A process for selecting tax returns for evaluation that ensures all tax returns have the same likelihood of being chosen.</p>
shadow economy	<p>In previous releases, we referred to the 'black economy', which is also often known as the 'hidden economy', 'cash economy' or 'non-observed economy'. For tax gap purposes, we now refer to the shadow economy.</p> <p>Refers to the 'economic underground' boundary of an Organisation for Economic Co-operation and Development (OECD) framework. It involves economic activity not declared, which may be a result of attempts to avoid tax obligations.</p> <p>Australian National Accounts data makes a small allowance for expenditure associated with the 'underground economy' (cash economy transactions, transactions relating to other avoidance</p>

	measures, and understatement of income in ABS surveys).
tax gap	An estimate of the difference between what the ATO expects to collect and the amount that would have been collected if every taxpayer was fully compliant with the law for a defined period.
top-down approach	Uses independent aggregated data sources to estimate the size of the theoretical tax base. These methods are typically used for indirect taxes.
total business income (TBI)	All ordinary income earned in the ordinary course of running a business for the income year.
value-added tax (VAT)	A tax on consumer spending. The tax is placed on a product or service when there is value added at the stage of production or at the final sale to the consumer. Each business in the supply chain charges VAT on their sales and is entitled to a refund of VAT paid on their inputs or purchases. Australia's GST is a value added tax on goods and services for domestic consumption.
wine equalisation tax (WET)	A tax on wine consumed in Australia. It is based on the value of the wine sold and generally applies to the last wholesale sale (usually between the wholesaler and the retailer) although it may apply in other circumstances.

### Acronyms and initialisms

ABS	Australian Bureau of Statistics
ABF	Australian Border Force
ATO	Australian Taxation Office

BAS	business activity statement
CIT	corporate income tax
CRA	Canada Revenue Agency
EEG	excise equivalent good
EU	European Union
FTC	fuel tax credits
GST	goods and services tax
HMRC	His Majesty's Revenue and Customs (United Kingdom)
HWI	high wealth individual
IMF	International Monetary Fund
IRS	Internal Revenue Services
LCT	luxury car tax
OECD	Organisation for Economic Co-operation and Development
PAYG	pay as you go
PIT	personal income tax
PRRT	petroleum resource rent tax
REP	random enquiry program
SKAT	Danish Customs and Tax Administration
TBI	total business income
VAT	value added tax
VIN	vehicle identification number

WET	wine equalisation tax
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