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Fuel excise gap

How we estimate and aim to reduce the fuel excise gap for 2023–24.

Published 3 November 2025

Latest estimate and trends for the fuel excise gap



Compare the 2023–24 fuel excise gap with trends from previous years.

ATO action to reduce the fuel excise gap



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Reliability of the fuel excise gap



How we make sure the fuel excise gap estimate is reliable.

Latest estimate and trends for the fuel excise gap

Compare the 2023–24 fuel excise gap with trends from previous years.

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For the 2023–24 year we estimate a net gap of 1.8% or \$446 million. In other words, we estimate that more than 98% of the 2023–24 theoretical fuel excise has been collected.

This gap forms part of our overall tax performance program. Find out more about the concept of **tax gaps and the latest gaps available**.

Over the period from 2018–19 to 2023–24, the estimated net fuel excise gap has ranged between 1.3% and 3.9%.

As noted in the **Limitations** section, the method is dependent upon a number of factors that can lead to changes in the estimate, but do not reflect changes in the underlying compliance. This year's gap estimate is within the margins of variation we expect from this model.

Table 1 shows 2017–18 to 2022–23 data for the:


- excise and duty reported
- amendments
- gross and net fuel excise gap estimates.


Table 1: Fuel excise gap, 2018–19 to 2023–24

Element	2018–19	2019–20	2020–21	2021–22	2022–23
Gross gap (\$m)	266	618	492	233	

Amendments (\$m)	0	0	0	0	
Net gap (\$m)	266	618	492	233	
Excise and customs duty reported (\$m)	18,769	18,705	19,461	17,372	19,
Theoretical liability (\$m)	19,035	19,322	19,952	17,605	20,
Gross gap (%)	1.4%	3.2%	2.5%	1.3%	3
Net gap (%)	1.4%	3.2%	2.5%	1.3%	3

Figure 1: Net fuel excise gap as a percentage, 2018–19 to 2023–24

 The gross and net gap in percentage terms as outlined in table 1.

For previously published tax gap figures, see [Australian Tax Gaps - Data.gov.au](https://www.data.gov.au) 

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ATO action to reduce the fuel excise gap

How we support our clients to meet their fuel excise compliance obligations.

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The fuel industry is regulated through licensing and permission regimes.

A small number of businesses contribute the majority of fuel excise revenue. We support our larger clients with client managers who provide help and assurance for **compliance obligations**.

In the current environment, our key focus is on compliance with:

- timely lodgment
- correct reporting
- payment.

Our client managers monitor the highest payers so they understand their obligations and can engage and assist where necessary.

We work with new entities entering the fuel market to ensure their controls and systems are appropriate. Our 'New to Excise' program assists them to understand and meet obligations.

Some factors increase the likelihood of errors being made, including:

- biannual indexation on all fuels (except aviation fuel)
- policy changes
- environmental factors such as COVID-19 and natural disasters
- changes in technology, personnel and IT systems.

We have early engagement strategies in place to detect and monitor impacts of these potential errors on obligations.

We focus our activities on early identification of compliance issues. Our recent activities have not identified any new issues or areas for concern.

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Methodology for estimating the fuel excise gap

Learn the method we use to estimate the fuel excise gap.

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5-step top-down method

We use a 5-step top-down method to estimate the fuel excise gap.

Step 1: Estimate the total volume available

We estimate the excisable volume available in this order:

1. Estimate the volume imported
2. Add the volume produced in Australia
3. Remove the volume exported from Australia
4. Add the volume held in inventory at the end of the previous financial year
5. Remove the volume held in inventory at the end of the current financial year
6. Remove the volume not subject to excise.

Step 2: Estimate average excise rates each year

Next, we estimate the average excise rates by dividing actual revenue by actual volumes, after ensuring that there is no double-counting in the volume data.

Step 3: Estimate theoretical excise liability amounts

We multiply the total volume available by the average excise rate to calculate the total theoretical excise liability.

Step 4: Calculate the fuel excise net gap

We subtract ATO fuel excise revenue on an accrual basis using an economic transaction method (ETM) from the total theoretical excise

liability to yield the net gap.

Step 5: Calculate the fuel excise gross gap

We calculate the tax gross gap by adding our compliance results to the net gap. We calculate the compliance outcomes by taking our compliance case results and allocating them to specific financial years on an accrual basis.

The total excise compliance outcomes are apportioned using the percentage of total excise revenue attributable to:

- petrol
- diesel
- ethanol
- biodiesel
- associated blends.

Summary of the estimation process

Table 2 shows the:

- methodology and dollar amounts for the steps used to estimate the tax gap
- percentage figures for the gross and net gaps.

Table 2: Applying the methodology – fuel excise gap

Step	Description	2018–19	2019–20	2020–21	2021–22
1 to 3	Total theoretical excise liability (\$m)	19,035	19,322	19,952	17,605
4.1	Less actual excise reported (\$m)	18,769	18,705	19,461	17,372

4.2	Equals fuel excise net gap (\$m)	266	618	492	233
5.1	Add compliance outcomes and taxpayer adjustments (\$m)	0	0	0	0
5.2	Equals fuel excise gross gap (\$m)	266	618	492	233
5.3	Gross gap (%)	1.4	3.2	2.5	1.3
5.4	Net gap (%)	1.4	3.2	2.5	1.3

Find more about our overall research methodology, data sources and analysis for [How we measure tax gaps](#).

Limitations

Although the gap methodology is reliable, it does not account for variations due to:

- temperature correction
- timing
- certain adjustments.

There could be errors stemming from non-standard measurement practices for the volumes of fuel products. Given that the volumes of fuel products would vary with temperature, they should always be measured at 15 degrees Celsius to maintain a consistent benchmark. However, *Australian Petroleum Statistics* volumes may be measured at different temperatures. Survey respondents are not given instructions to correct fuel volumes to 15 degrees Celsius.

A timing difference could arise between when product sales data are reported for compilation in the *Australian Petroleum Statistics* and

when excise data enters our systems.

Assumptions around related volumetric calculations may also have an impact.

Updates and revisions to previous estimates

Each year we refresh our estimates in line with the annual report. Changes from previously published estimates occur for a variety of reasons, including:

- improvements in methodology
- revisions to data
- additional information becoming available.

Figure 2: Current and previous published net fuel excise gap estimates, 2018–19 to 2023–24

 Our previous and current net gap estimates as outlined in table 3.

The changes are set out in Table 3 and shown as a percentage.

Table 3: Current and previous published net fuel excise gap estimates (percentage), 2018–19 to 2023–24

Program year	2018–19	2019–20	2020–21	2021–22	2022–23
2025	1.4	3.2	2.5	1.3	3.9
2024	1.4	3.2	2.5	1.3	3.9
2023	1.4	3.2	2.5	1.7	n/a
2022	1.4	3.2	2.4	n/a	n/a
2021	0.5	2	n/a	n/a	n/a

2020	0.5	n/a	n/a	n/a	n/a
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Reliability of the fuel excise gap

How we make sure the fuel excise gap estimate is reliable.

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We seek feedback and advice about how we estimate the gap from external and internal subject matter experts. Based on this advice, we have assessed our estimate as reliable.

The methodology employed and the reliability assessment reflects the nature of the fuel excise system and data available to us:

- the population size is very small, and our activities confirm overall high levels of compliance
- our main data source is an external survey of large-scale petroleum and diesel producers – we have some reservations about how we employ this data including assumptions of volume sales due to temperature changes
- small producers are not covered through this survey, but their market share is negligible given the small number of participants in the fuel industry.

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