Parliamentary Budget Office

Request for Budget Analysis

Budget savings from $50 million cap on Diesel Fuel Tax Credit	
Requestor:	Ms Kate Chaney MP, Independent Member for Curtin
Date analysis completed:	17 July 2026 *Authorised for public release on 27 August 2026*
Expiry date of the analysis:	Release of the next economic and fiscal outlook report
Summary of request: The request seeks information on the estimated revenue generated had a $50 million annual cap on Fuel Tax Credits (FTCs) for diesel fuel use been introduced. The request is for the most recent 5-year period of available data.	

Overview

This request for budget analysis was prepared on the basis of information specified by the requestor and does not constitute a PBO policy costing.

The requested information is presented in Attachment A and uses deidentified Business Activity Statement (BAS) data over the period 2020-21 to 2024-25, the latest year of available data. Distributional data on businesses with a higher FTC claim than $50m for each year is presented in Attachment B (Tables B1 to B5).

Key assumptions

The PBO has made the following assumptions in producing this request for budget analysis.

- All fuel use eligible for fuel tax credits above the $50m cap is for diesel fuel.
- All affected companies are in a taxable position with a company tax rate of 30%.

This analysis was completed on the basis of past business behaviours (including levels of fuel consumption) and does not capture any other behavioural changes that may have occurred in response to a cap on FTCs over this period.

Methodology

The PBO used deidentified BAS data over the period 2020-21 to 2024-25 to determine FTC claimants with over $50 million FTC claims in each financial year. Additional FTCs claimed, in excess of the $50m cap, were used to cost the budget impact.

Lower FTCs results in higher costs for affected businesses with a corresponding impact on company income tax receipts. The estimated impact to company income tax collections was calculated using the excess FTC revenue and the assumptions detailed above, taking into account the shareholder structure of affected businesses.

Deidentified BAS data includes net flows, for a given tax year, of fuel tax credits claimed by businesses from the ATO, and repayments of FTC credits previously incorrectly claimed.

Broad industry is based on the 'Australian and New Zealand Standard Industrial Classification' (ANZSIC) codes 'Business industry codes 2021'.

Data sources

The ATO provided de-identifed BAS data over the period 2020-21 to 2024-25.

Commonwealth of Australia (2026) *2026-27 Budget,* Commonwealth of Australia.

Attachment A – Budget savings from $50 million cap on Diesel Fuel Tax Credit – Financial implications

Table A1: Budget savings from $50 million cap on Diesel Fuel Tax Credit – Fiscal and underlying cash balances[(a)(b)]

	2020-21 $m	2021-22 $m	2022-23 $m	2023-24 $m	2024-25 $m	**Total to 2024-25 $m**
Revenue						
Company Tax	*-397.0*	*-358.0*	*-419.0*	*-578.0*	*-610.0*	***-2,362.0***
Income tax (franking credits)	-	*5.4*	*6.4*	*8.8*	*9.3*	***29.9***
Expenses						
Fuel Tax Credits	*1,320.0*	*1,190.0*	*1,400.0*	*1,930.0*	*2,030.0*	***7,870.0***
Total (excluding PDI)	**923.0**	**837.4**	**987.4**	**1,360.8**	**1,429.3**	**5,537.9**

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

(b) Financial implications were rounded consistent with the PBO's rounding rules. [1]

\- Indicates nil.

[1] https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules

Attachment B – Budget savings from $50 million cap on Diesel Fuel Tax Credit – Distributional Analysis

Table B1: Total FTCs claimed by industry, for claims over $50 million threshold per business, 2020-21[(a)]

Industry	FTC ($m)	Number of claimants
Total Mining	1,710.0	10
Coal Mining	459.3	3
Iron Ore Mining	604.6	3
Other Mining[(b)] & Other Mining Support Services	646.1	4
Other[(c)]	212.0	nfp
Total	**1,922.0**	**11 to 14**

(a) FTC is calculated as the difference between amount payable and amount refunded. Some industries have been grouped together due to sensitivities in the granularity of the data.
(b) Other Mining includes ANZSIC groups Bauxite Mining, Gold Ore Mining, Nickel Ore Mining, Oil and Gas Extraction, Other Metal Ore Mining, and Other Non-Metallic Mineral Mining and Quarrying.
(c) Other is the sum of the totals from the ANZSIC Divisions Administrative and Support Services, Construction, Financial and Insurance Services, Manufacturing, and Professional, Scientific and Technical Services, Transport, Postal and Warehousing, Public Administration and Safety, Wholesale Trade, and Other Services.
nfp Not for publication due to confidentiality reasons of low cohort count.

Table B2: Total FTCs claimed by industry, for claims over $50 million threshold per business, 2021-22[(a)]

Industry	FTC ($m)	Number of claimants
Total Mining	1,611.0	10
Iron Ore Mining	514.4	3
Coal Mining, Other Mining[(b)] & Other Mining Support Services	1096.6	7
Other[(c)]	181.0	nfp
Total	**1,792.0**	**11 to 14**

(a) FTC is calculated as the difference between amount payable and amount refunded. Some industries have been grouped together due to sensitivities in the granularity of the data.
(b) Other Mining includes ANZSIC groups Bauxite Mining, Gold Ore Mining, Nickel Ore Mining, Oil and Gas Extraction, Other Metal Ore Mining, and Other Non-Metallic Mineral Mining and Quarrying.
(c) Other is the sum of the totals from the ANZSIC Divisions Administrative and Support Services, Construction, Financial and Insurance Services, Manufacturing, and Professional, Scientific and Technical Services, Transport, Postal and Warehousing, Public Administration and Safety, Wholesale Trade, and Other Services.
nfp Not for publication due to confidentiality reasons of low cohort count.

Table B3: Total FTCs claimed by industry, for claims over $50 million threshold per business, 2022-23[(a)]

Industry	FTC ($m)	Number of claimants
Total Mining	1,899.0	12
Coal Mining	486.5	4
Iron Ore Mining	555.3	3
Other Mining[(b)] & Other Mining Support Services	857.1	5
Other[(c)]	197.5	nfp
Total	**2,096.5**	**13 to 16**

(a) FTC is calculated as the difference between amount payable and amount refunded. Some industries have been grouped together due to sensitivities in the granularity of the data.
(b) Other Mining includes ANZSIC groups Bauxite Mining, Gold Ore Mining, Nickel Ore Mining, Oil and Gas Extraction, Other Metal Ore Mining, and Other Non-Metallic Mineral Mining and Quarrying.
(c) Other is the sum of the totals from the ANZSIC Divisions Administrative and Support Services, Construction, Financial and Insurance Services, Manufacturing, and Professional, Scientific and Technical Services, Transport, Postal and Warehousing, Public Administration and Safety, Wholesale Trade, and Other Services
nfp Not for publication due to confidentiality reasons of low cohort count.

Table B4: Total FTCs claimed by industry, for claims over $50 million threshold per business, 2023-24[(a)]

Industry	FTC ($m)	Number of claimants
Total Mining	2,735.9	19
Coal Mining	770.9	7
Iron Ore Mining	718.8	4
Other Mining[(b)]	955.7	4
Other Mining Support Services	290.5	4
Other[(c)]	342.3	4
Total	**3,078.2**	**23**

(a) FTC is calculated as the difference between amount payable and amount refunded. Some industries have been grouped together due to sensitivities in the granularity of the data.
(b) Other Mining includes ANZSIC groups Bauxite Mining, Gold Ore Mining, Nickel Ore Mining, Oil and Gas Extraction, Other Metal Ore Mining, and Other Non-Metallic Mineral Mining and Quarrying.
(c) Other is the sum of the totals from the ANZSIC Divisions Administrative and Support Services, Construction, Financial and Insurance Services, Manufacturing, and Professional, Scientific and Technical Services, Transport, Postal and Warehousing, Public Administration and Safety, Wholesale Trade, and Other Services

Table B5: Total FTCs claimed by industry, for claims over $50 million threshold per business, 2024-25[a]

Industry	FTC ($m)	Number of claimants
Total Mining	2,982.1	22
Coal Mining	937.2	10
Iron Ore Mining	782.3	4
Other Mining[b]	999.0	4
Other Mining Support Services	263.6	4
Other[c]	352.2	4
Total	**3,334.3**	**26**

(a) FTC is calculated as the difference between amount payable and amount refunded. Some industries have been grouped together due to sensitivities in the granularity of the data.
(b) Other Mining includes ANZSIC groups Bauxite Mining, Gold Ore Mining, Nickel Ore Mining, Oil and Gas Extraction, Other Metal Ore Mining, and Other Non-Metallic Mineral Mining and Quarrying.
(c) Other is the sum of the totals from the ANZSIC Divisions Administrative and Support Services, Construction, Financial and Insurance Services, Manufacturing, and Professional, Scientific and Technical Services, Transport, Postal and Warehousing, Public Administration and Safety, Wholesale Trade, and Other Services