

[Home \(/\)](#) / [Ministers \(/ministers\)](#) / [The Hon Dr Jim Chalmers MP \(/ministers/jim-chalmers-2022\)](#)
/ [Media releases \(/ministers/jim-chalmers-2022/media-releases\)](#)
/ [Changes to the Petroleum Resource Rent Tax](#)

7 May 2023

Changes to the Petroleum Resource Rent Tax

The Albanese Government will introduce changes to the Petroleum Resource Rent Tax (PRRT) to deliver a fairer return to the Australian community from their natural resources.

These changes will mean the offshore LNG industry pays more tax, sooner, will provide industry and investors policy certainty to allow the sufficient supply of domestic gas, and will ensure Australia remains a reliable international energy supplier and investment partner.

The petroleum industry makes an important contribution to the economy including through investment, jobs, energy supply and corporate and other taxes, and these changes will ensure this continues.

The changes respond to the Treasury Gas Transfer Pricing (GTP) Review, [which I am releasing today \(https://treasury.gov.au/publication/p2023-388153\)](#), as well as recommendations in the earlier Callaghan Review.

The GTP Review was initiated by the former Coalition Government and restarted under the Albanese Government, and its release follows extensive consultation since 2019.

The Government will act on Treasury's key recommendation to achieve a fairer return from offshore LNG projects by introducing a cap on the use of deductions from 1 July 2023. Specifically, the change will limit the proportion of PRRT assessable income that can be offset by deductions to 90 per cent.

This change will bring forward PRRT revenue from LNG projects. This will ensure a greater return to taxpayers from the offshore LNG industry, while limiting impacts on investment incentives and risks to future supply.

Both the Callaghan Review and the GTP Review noted that aspects of the PRRT are better suited to oil projects than LNG projects. The deductions cap helps address this issue and accounts for the particular circumstances and economics of LNG projects.

Under the current rules, most LNG projects are not expected to pay any significant amounts of PRRT until the 2030s. The changes announced today address this issue.

The GTP Review highlights other shortcomings of the PRRT as it applies to the current LNG industry and identifies areas where it can be improved and updated.

The Government will proceed with 8 of 11 recommendations by the GTP Review as well as 8 recommendations made by the Callaghan Review that were accepted but not implemented by the previous government ([see Government response \[PDF 503KB\] \(/sites/default/files/2023-05/gtp-review-government-response.pdf\)](/sites/default/files/2023-05/gtp-review-government-response.pdf)). These will be progressed concurrently.

This package, which includes integrity reforms, is expected to increase tax receipts by \$2.4 billion over the forward estimates.

The Government will consult on final design and implementation details for the deductions cap and on the draft GTP rules later this year. Consultation on other policy changes (recommendations from the Callaghan Review and anti-avoidance rules) will occur in early 2024.

The implementation of these reforms will finalise the Government's comprehensive response to the Callaghan Review and the GTP Review. The Government will continue to monitor the operational aspects of the PRRT and address any integrity issues that emerge, as well as undertake standard care and maintenance of the PRRT as appropriate.


The Albanese Government is committed to working with our international trade and investment partners on energy security and providing greater policy certainty for investors.

The changes announced today will support the Albanese Government's budget repair efforts, fund the delivery of vital services that Australians rely on, and help build a stronger, fairer and more resilient economy.



The Hon Dr Jim Chalmers MP
Treasurer

Subscribe

 [RSS \(/ministers/jim-chalmers-2022/media-releases/changes-petroleum-resource-rent-tax/all/feed\)](/ministers/jim-chalmers-2022/media-releases/changes-petroleum-resource-rent-tax/all/feed)

 [Email \(/email-subscription/\)](/email-subscription/)

[Treasury](https://www.treasury.gov.au) (<https://www.treasury.gov.au>)

[FOI](https://www.treasury.gov.au/the-department/accountability-reporting/foi) (<https://www.treasury.gov.au/the-department/accountability-reporting/foi>)

[Copyright](https://www.treasury.gov.au/copyright) (<https://www.treasury.gov.au/copyright>)

[Disclaimer](https://www.treasury.gov.au/disclaimer) (<https://www.treasury.gov.au/disclaimer>)

[Privacy](https://www.treasury.gov.au/privacy-statement) (<https://www.treasury.gov.au/privacy-statement>)

[Social media guidelines](https://www.treasury.gov.au/social-media-guidelines) (<https://www.treasury.gov.au/social-media-guidelines>)