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PROVISIONAL TAX EXEMPTION FOR PENSIONERS

Financial Implications ($m)

1997-98	1998-99	1999-00	2000-01
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Explanation

The Government is announcing the provisional tax exemption thresholds to apply for pensioners in respect of the 1997-98 income year.

Each year new levels of provisional tax exemption thresholds are set for single-rate, partnered-rate and partnered-illness-separated-rate pensioners. Generally, the thresholds for a year of income are the cut-out thresholds for the pensioner rebate (ie the level of taxable income at which the rebate reduces to nil) for the previous year.

Pensioners will not be liable for 1997-98 provisional tax where:

- the 1996-97 taxable income of a single pensioner is less than $21,377;
- the combined taxable income for 1996-97 is less than $33,368 for a pensioner couple receiving the partnered-rate pension; and
- the combined taxable income for 1996-97 is less than $41,116 for a pensioner couple receiving the separated-rate pension (where the pensioners live apart as a result of illness or infirmity).

Pensioners who qualify for a full or partial pensioner rebate in 1996-97 will therefore be exempt from 1997-98 provisional tax.

For the purpose of determining whether a pensioner is eligible for a provisional tax exemption, bonuses received from friendly societies or insurance companies are excluded from taxable income.

The above material is a full extract of the description of the measure as contained in *Budget Paper No 2: Budget Measures 1997-98*. This paper explains all outlays and revenue measures, and is available from Australian Government Bookshops or from the Treasury Internet site at http://www.treasury.gov.au/budget

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