



Lower, fairer and simpler taxes

The Government is building a personal tax system that encourages aspirational Australians to get ahead while being fiscally responsible. The first step will provide tax relief to low and middle income earners, the second step will help tackle bracket creep and the third step will simplify and flatten the system. Together our reforms to company taxes, tax integrity and personal income taxes will build a simpler tax system, reward hardworking Australians and drive a stronger economy.

The plan will be delivered in three steps

Step 1: immediate tax relief for low and middle income earners

The **first** step will deliver tax relief to low and middle income earners to help with cost of living pressures.

The low and middle income tax offset will provide tax relief of up to \$530 to low and middle income earners for the 2018-19, 2019-20, 2020-21 and 2021-22 income years. The offset will assist over 10 million Australians and around 4.4 million people will receive the full \$530 benefit for 2018-19. The benefit is in addition to the existing low income tax offset, and will be available on assessment after a taxpayer lodges their tax return.

Step 2: protecting against bracket creep

The **second** step expands tax relief to help protect middle income earners from bracket creep.

From 1 July 2018, the Government will provide a tax cut of up to \$135 per year to around 3 million people by increasing the top threshold of the 32.5 per cent tax bracket from \$87,000 to \$90,000.

When the low and middle income tax offset concludes in 2021-22, the benefits will be locked in by increasing the top threshold of the 19 per cent tax bracket from \$37,000 to \$41,000 and increasing the low income tax offset from \$445 to \$645 from 1 July 2022.

From 1 July 2022 the top threshold of the 32.5 per cent tax bracket will be increased from \$90,000 to \$120,000, providing a tax cut of up to \$1,350 per year.

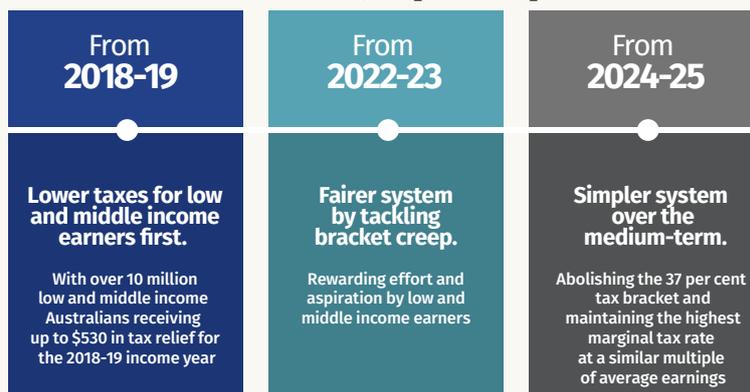
Step 3: making personal taxes simpler and flatter

The **third** step finalises the Government's plan for more Australians to pay less tax by making the system simpler.

From 1 July 2024, the Government will increase the top threshold of the 32.5 per cent tax bracket from \$120,000 to \$200,000, removing the 37 per cent tax bracket completely.

The plan means that around 94 per cent of all taxpayers are projected to face a marginal tax rate of 32.5 per cent or less in 2024-25. This compares with a projected 63 per cent of taxpayers in 2024-25 without change to current settings.

An affordable, responsible plan



A competitive tax system

The Government is building a tax system that is internationally competitive, rewards effort, and underpins a strong economy.

Without sensible tax relief, we risk entering the next decade with a tax system that not only holds Australians back, but puts at risk a stronger economy that can fund our essential services.

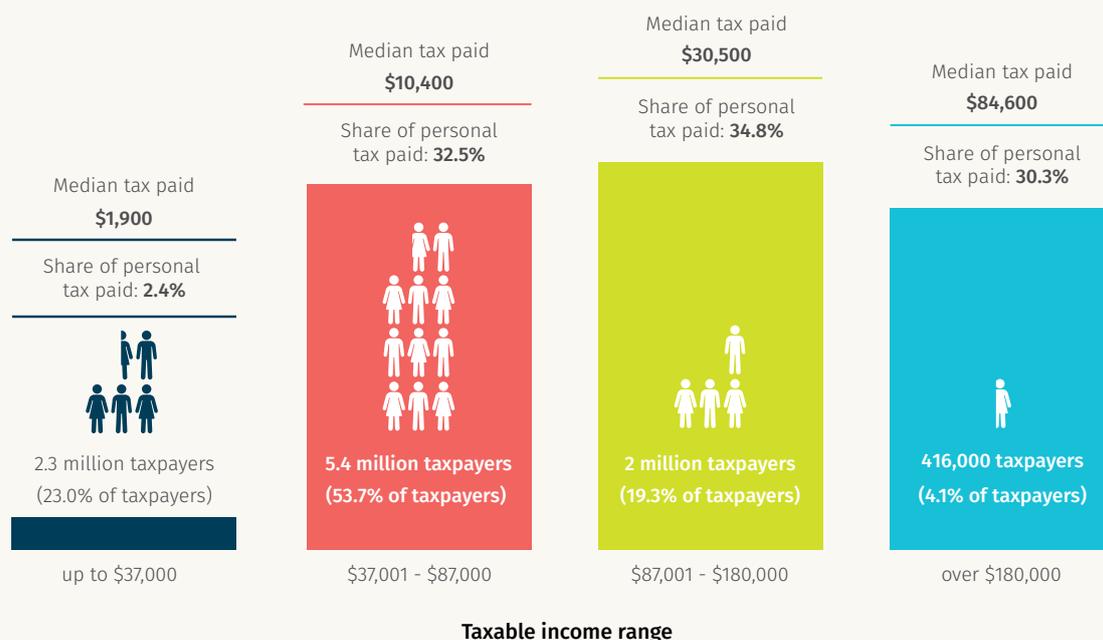
We have a progressive income tax system in Australia, but we cannot push this to breaking point and excessively tax a smaller group of taxpayers without paying a heavy price. Penalising Australians for earning more will not create a stronger economy over the next decade. The Government supports a progressive tax system that sustains economic growth and rewards effort.

To build a stronger economy – to create jobs and guarantee the essential services that Australians rely on – we must ensure the tax system does not act as a drag on growth and aspiration. There must be reward for effort and incentive to get ahead.

As outlined in the ATO taxation statistics, the personal income tax burden is carried by the few, not the many.

In 2015–16, the top one per cent of taxpayers paid around 17 per cent of the \$186 billion of personal income tax. The top 10 per cent paid around 45 per cent of this total, compared with around 36 per cent 20 years earlier.

Share of personal tax paid, median tax paid and number of taxpayers by taxable income range, 2015-16



Source: Australian Taxation Office, Taxation Statistics, 2015-16, Individuals Table 10A and unpublished personal income tax data.

Note: In this context, a personal income taxpayer is someone who lodged a tax return and paid more than \$0 in personal income tax for the year, for tax returns lodged by 31 October, 2017. Percentages may not add to 100% due to rounding.

Lower, fairer and simpler taxes

Our tax system must be fair for all Australians, one that rewards effort and fosters aspiration.

To build a strong economy, it is vital that workers are rewarded rather than penalised for their effort by our tax system.

Given personal income tax accounts for over half of the Government's tax revenue, it is imperative to get the settings right and build a better tax system while being fiscally responsible.

The tax burden borne by workers has continued to rise. Bracket creep reduces the rewards for effort, undermines the returns to quality education, and blunts the incentive to work hard, take risks, and succeed.

There were 2.4 million Australians with taxable incomes above \$87,000 in 2015-16, representing 23 per cent of taxpayers, but paying 65 per cent of personal income tax.

The Government's seven-year **Personal Income Tax Plan** will improve incentives to strive for success.

Step one: provide tax relief to low and middle income earners to help with cost of living pressures.

Step two: combat bracket creep.

Step three: simplify and flatten the system by removing the 37 per cent tax bracket completely, protecting middle income Australians from bracket creep over their working life.

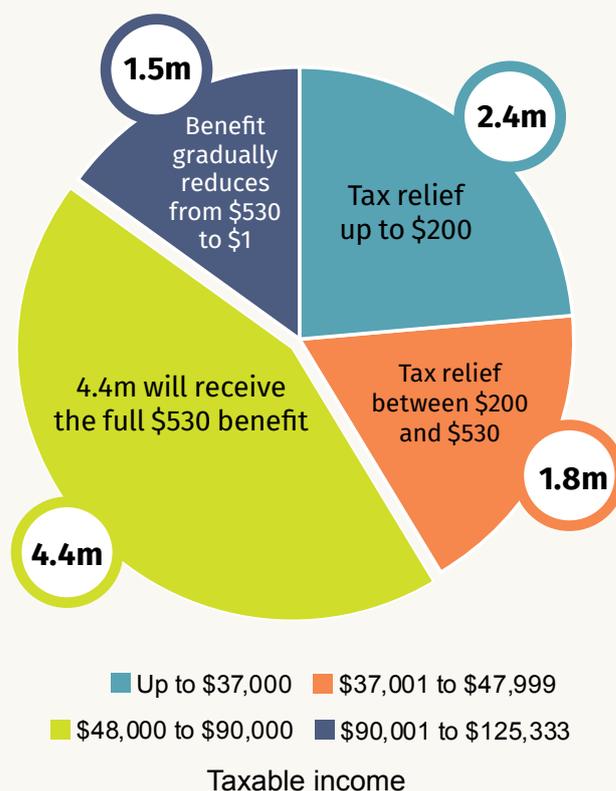
The plan delivers a tax system that encourages aspirational Australians to get ahead. Individuals will be able to take on additional work and seek advancement, knowing their extra income will not be taxed more harshly.

By 2024-25 around 94 per cent of taxpayers are projected to face a marginal tax rate of 32.5 per cent or less, compared with 63 per cent if we leave the system unchanged.

The plan is affordable and funded and will be legislated giving Australians certainty about their future tax relief, now.

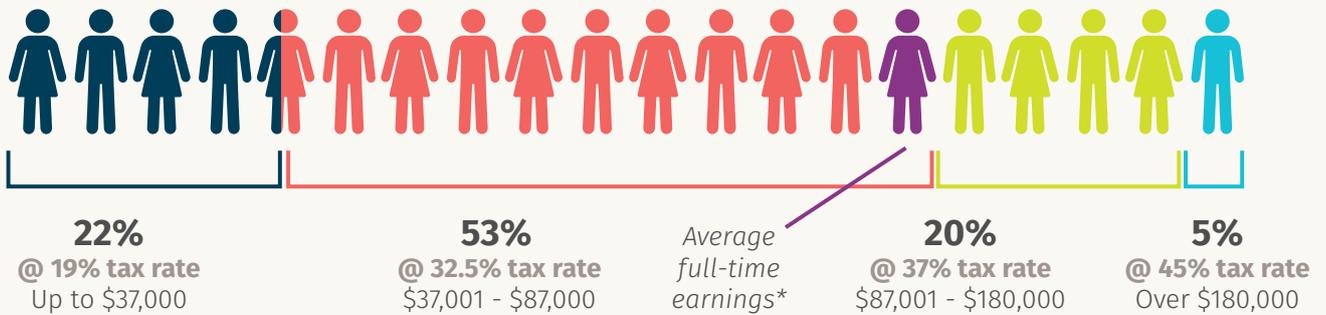
Together our reforms to company taxes, tax integrity and personal income taxes build a simpler tax system, reward hard working Australians and drive a stronger economy.

Number of Australians receiving tax relief in step one

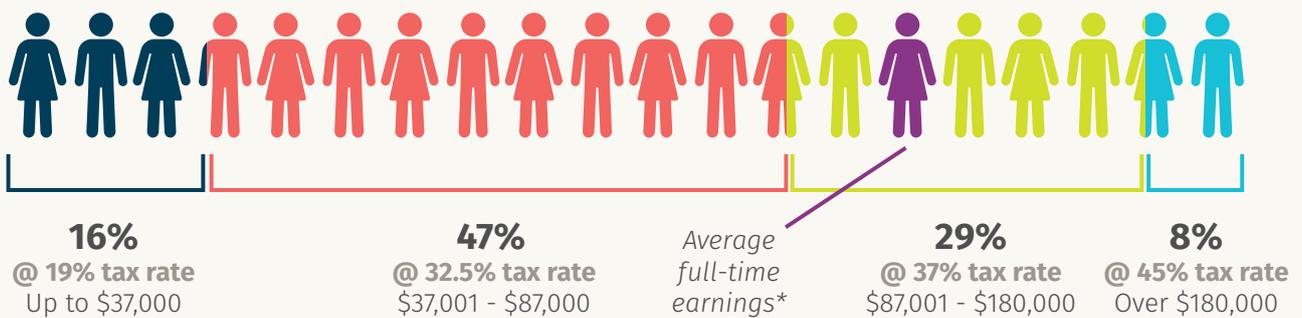


The Government's seven-year Personal Income Tax Plan means more Australians will face lower rates of tax.

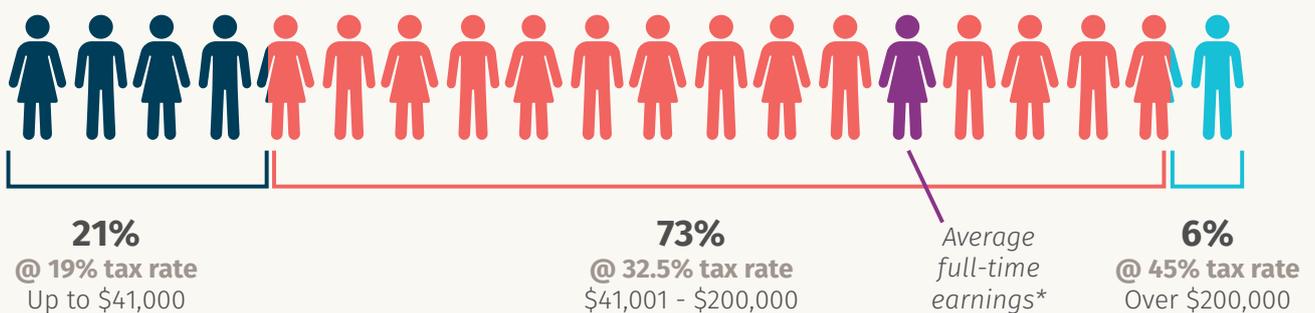
Proportion of taxpayers in each tax bracket in **2017-18** under the **current system**



Proportion of taxpayers in each tax bracket in **2024-25** under the **current system**



Proportion of taxpayers in each tax bracket in **2024-25** under the **Government's Plan**



* Average full-time earnings includes both males and females, and excludes earnings from overtime work

Step 1: Immediate relief to low and middle income earners

To help relieve household budget pressures, the Government will provide responsible tax relief to middle and lower income earners of up to \$530 in the 2018–19, 2019–20, 2020–21 and 2021–22 income years through a targeted non-refundable tax offset.

Those earning up to \$37,000 who face a 19 per cent tax rate will have their tax reduced by up to \$200. This will increase incrementally for those earning between \$37,000 and \$48,000. The maximum offset of \$530 will be available to taxpayers earning between \$48,000 and \$90,000. This benefit then gradually reduces to zero at a taxable income of just over \$125,000.

This will assist over 10 million Australians, with around 4.4 million people, including those on average full time earnings, receiving the full \$530 benefit for 2018–19.

The benefit of the offset will be received as a lump sum on assessment after individuals lodge their tax returns. This offset is in addition to the low income tax offset. This targeted approach ensures that tax relief goes to middle and lower income earners.

Step 2: Protecting against bracket creep

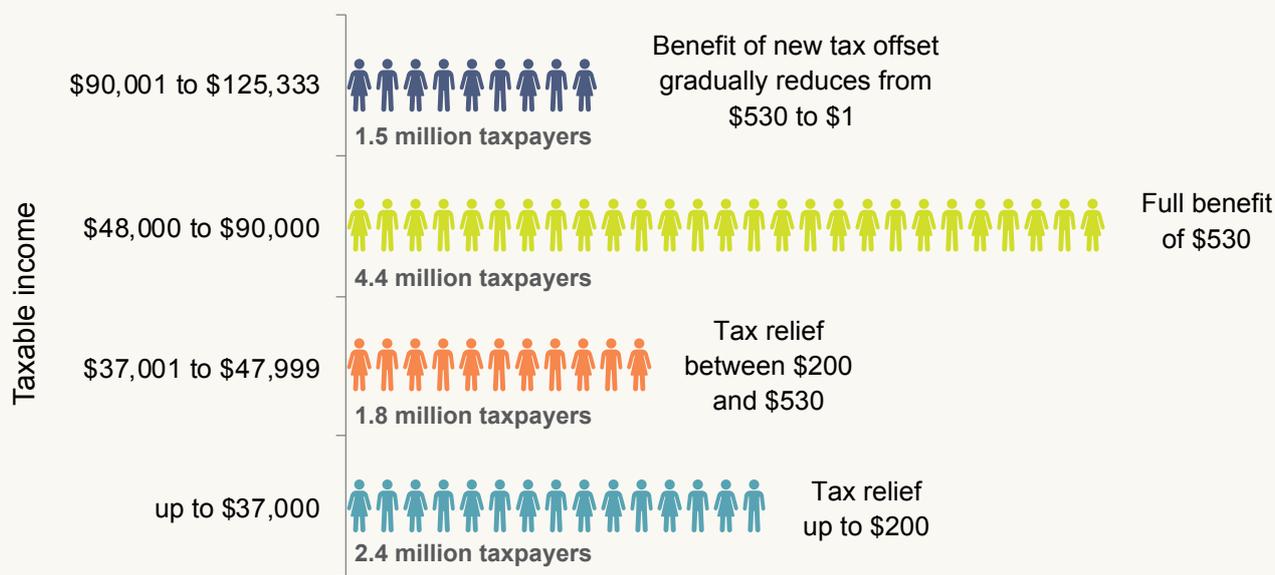
From 1 July 2018, the Government will provide a tax cut of up to \$135 per year to around 3 million people by increasing the top threshold of the 32.5 per cent tax bracket from \$87,000 to \$90,000. This will prevent around 200,000 Australians from paying tax at the 37 per cent marginal rate.

From 1 July 2022, the Government will lock in the tax relief from the new offset by increasing the top threshold of the 19 per cent bracket from \$37,000 to \$41,000, providing tax relief of up to \$540 per year, and increasing the low income tax offset from \$445 to \$645.

This change to the 19 per cent bracket will prevent around half a million Australians from paying tax at the 32.5 per cent marginal rate in 2022-23.

In addition, the Government will also provide tax relief of up to \$1,350 per year by increasing the top threshold of the 32.5 per cent bracket from \$90,000 to \$120,000 from 1 July 2022. This is projected to prevent around 1.8 million taxpayers facing the 37 per cent tax rate in 2022-23 due to wages growth and bracket creep.

The new targeted tax offset will benefit over 10 million low and middle income earners – 2018-19



Step 3: Making personal taxes simpler and flatter

In 2024–25, the Government will simplify and flatten the personal tax system by abolishing the 37 per cent tax bracket entirely. Australians earning more than \$41,000 will only pay 32.5 cents in the dollar all the way up to the top marginal tax rate threshold that will be adjusted to \$200,000.

| Rate | Thresholds in 2017-18 | New thresholds in 2024-25 |
|---------------|-----------------------|---------------------------|
| Nil | Up to \$18,200 | Up to \$18,200 |
| 19 per cent | \$18,201 - \$37,000 | \$18,201 - \$41,000 |
| 32.5 per cent | \$37,001 - \$87,000 | \$41,001 - \$200,000 |
| 37 per cent | \$87,001 - \$180,000 | - |
| 45 per cent | Above \$180,000 | Above \$200,000 |

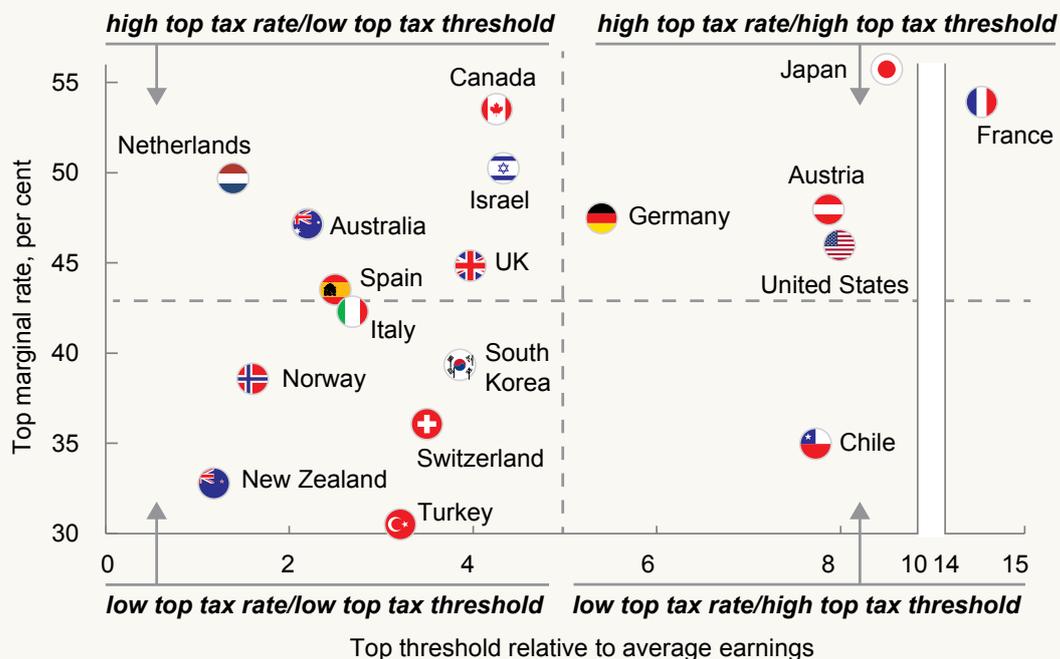
As a result of this final step, around 94 per cent of taxpayers are projected to face a marginal tax rate of 32.5 per cent or less in 2024–25. This compares with a projected 63 per cent of taxpayers in 2024–25 under current settings.

The plan provides certainty to the majority of taxpayers that they will face the same marginal tax rate into the future, helping to improve incentives to take on additional work and seek a pay rise.

Australia has relatively high rates of tax, cutting in at relatively low levels of income compared with other countries. Australia's top marginal tax rate cuts in at around 2.2 times average full-time earnings, compared with four times in Canada and the UK and eight times in the US. Without change, Australia's ratio is projected to drop to around 1.7 reducing our international competitiveness and ability to attract and retain talent. Under the Government's plan, this ratio will fall more modestly to around 1.9.

The plan strikes the right balance between improving the system for all Australians and ensuring that the top earners pay their fair share.

Current top marginal tax rates comparison, selected OECD countries



Source: Treasury calculations, 2017 OECD Revenue Statistics and Tax Database.

New personal tax rates and thresholds: 2018–19, 2022–23 and 2024–25

| Rate (%) | Current tax thresholds Income range (\$) | New tax thresholds From 1 July 2018 Income range (\$) | New tax thresholds From 1 July 2022 Income range (\$) | New tax thresholds From 1 July 2024 Income range (\$) |
|-------------------------------------|---|---|---|---|
| Tax free | 0 - 18,200 | 0 - 18,200 | 0 - 18,200 | 0 - 18,200 |
| 19 | 18,201 - 37,000 | 18,201 - 37,000 | 18,201 - 41,000 | 18,201 - 41,000 |
| 32.5 | 37,001 - 87,000 | 37,001 - 90,000 | 41,001 - 120,000 | 41,001 - 200,000 |
| 37 | 87,001 - 180,000 | 90,001 - 180,000 | 120,001 - 180,000 | - |
| 45 | >180,000 | >180,000 | >180,000 | >200,000 |
| Low and middle income tax offset | - | Up to 530 | - | - |
| LITO | Up to 445 | Up to 445 | Up to 645 | Up to 645 |

Cumulative tax relief under the Government's Personal Income Tax Plan to 2024-25

The table below sums the annual benefit at different income levels under the Government's Personal Income Tax Plan of the targeted non-refundable tax offset, increasing the low income tax offset and changes to income tax thresholds. The benefits are summed from 2018-19 through to the final year of the changes in 2024-25.

Table: Cumulative tax relief and tax paid from 2018-19 to 2024-25 under the Government's plan*

| Taxable Income: | \$30,000 | | \$50,000 | | \$80,000 | | \$90,000 | |
|-----------------|------------|------------|----------|------------|-----------|------------|-----------|------------|
| | Tax paid** | Tax relief | Tax paid | Tax relief | Tax paid | Tax relief | Tax paid | Tax relief |
| 2018-19 | \$2,197 | \$200 | \$8,017 | \$530 | \$18,617 | \$530 | \$22,067 | \$665 |
| 2019-20 | \$4,394 | \$400 | \$16,034 | \$1,060 | \$37,234 | \$1,060 | \$44,134 | \$1,330 |
| 2020-21 | \$6,591 | \$600 | \$24,051 | \$1,590 | \$55,851 | \$1,590 | \$66,201 | \$1,995 |
| 2021-22 | \$8,788 | \$800 | \$32,068 | \$2,120 | \$74,468 | \$2,120 | \$88,268 | \$2,660 |
| 2022-23 | \$10,985 | \$1,000 | \$40,075 | \$2,660 | \$93,075 | \$2,660 | \$110,325 | \$3,335 |
| 2023-24 | \$13,182 | \$1,200 | \$48,082 | \$3,200 | \$111,682 | \$3,200 | \$132,382 | \$4,010 |
| 2024-25 | \$15,379 | \$1,400 | \$56,089 | \$3,740 | \$130,289 | \$3,740 | \$154,439 | \$4,685 |

| Taxable Income: | \$120,000 | | \$160,000 | | \$200,000 | |
|-----------------|-----------|------------|-----------|------------|-----------|------------|
| | Tax paid | Tax relief | Tax paid | Tax relief | Tax paid | Tax relief |
| 2018-19 | \$34,217 | \$215 | \$49,897 | \$135 | \$67,097 | \$135 |
| 2019-20 | \$68,434 | \$430 | \$99,794 | \$270 | \$134,194 | \$270 |
| 2020-21 | \$102,651 | \$645 | \$149,691 | \$405 | \$201,291 | \$405 |
| 2021-22 | \$136,868 | \$860 | \$199,588 | \$540 | \$268,388 | \$540 |
| 2022-23 | \$169,275 | \$2,885 | \$247,595 | \$2,565 | \$333,595 | \$2,565 |
| 2023-24 | \$201,682 | \$4,910 | \$295,602 | \$4,590 | \$398,802 | \$4,590 |
| 2024-25 | \$234,089 | \$6,935 | \$341,809 | \$8,415 | \$458,809 | \$11,815 |

*The cumulative tax paid is the sum of an individual's annual tax liability relative to the base year of 2017-18 and includes the 2 per cent Medicare levy.

**Tax paid after incorporating the tax relief under the Personal Income Tax Plan.

Change in household tax paid – Single person household

| Taxable Income | From 2018-19 | | | From 2022-23 | | From 2024-25 | |
|----------------|-----------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Current Tax Liability | Tax Liability | Change in Tax | Tax Liability | Change in Tax | Tax Liability | Change in Tax |
| 30,000 | 2,397 | 2,197 | -200 | 2,197 | -200 | 2,197 | -200 |
| 35,000 | 3,447 | 3,247 | -200 | 3,247 | -200 | 3,247 | -200 |
| 40,000 | 4,947 | 4,657 | -290 | 4,492 | -455 | 4,492 | -455 |
| 45,000 | 6,747 | 6,307 | -440 | 6,207 | -540 | 6,207 | -540 |
| 50,000 | 8,547 | 8,017 | -530 | 8,007 | -540 | 8,007 | -540 |
| 55,000 | 10,347 | 9,817 | -530 | 9,807 | -540 | 9,807 | -540 |
| 60,000 | 12,147 | 11,617 | -530 | 11,607 | -540 | 11,607 | -540 |
| 65,000 | 13,947 | 13,417 | -530 | 13,407 | -540 | 13,407 | -540 |
| 70,000 | 15,697 | 15,167 | -530 | 15,157 | -540 | 15,157 | -540 |
| 75,000 | 17,422 | 16,892 | -530 | 16,882 | -540 | 16,882 | -540 |
| 80,000 | 19,147 | 18,617 | -530 | 18,607 | -540 | 18,607 | -540 |
| 85,000 | 20,872 | 20,342 | -530 | 20,332 | -540 | 20,332 | -540 |
| 90,000 | 22,732 | 22,067 | -665 | 22,057 | -675 | 22,057 | -675 |
| 100,000 | 26,632 | 26,117 | -515 | 25,507 | -1,125 | 25,507 | -1,125 |
| 110,000 | 30,532 | 30,167 | -365 | 28,957 | -1,575 | 28,957 | -1,575 |
| 120,000 | 34,432 | 34,217 | -215 | 32,407 | -2,025 | 32,407 | -2,025 |
| 130,000 | 38,332 | 38,197 | -135 | 36,307 | -2,025 | 35,857 | -2,475 |
| 140,000 | 42,232 | 42,097 | -135 | 40,207 | -2,025 | 39,307 | -2,925 |
| 160,000 | 50,032 | 49,897 | -135 | 48,007 | -2,025 | 46,207 | -3,825 |
| 180,000 | 57,832 | 57,697 | -135 | 55,807 | -2,025 | 53,107 | -4,725 |
| 200,000 | 67,232 | 67,097 | -135 | 65,207 | -2,025 | 60,007 | -7,225 |

*The table provides stylised cameos based on the tax payable for these households, excluding any transfer payments. The tax liability and reduction in tax is calculated only taking into account the basic tax scales, low income tax offset, low and middle income tax offset and the Medicare levy (at 2 per cent with the change to the Medicare levy low income thresholds). Actual outcomes for many individuals and households would differ.

Change in household tax paid – Couple with single income earner

| Taxable Income - Primary Earner | Taxable Income - Spouse | Household Taxable Income | Current Tax Liability | From 2018-19 | | From 2022-23 | | From 2024-25 | |
|---------------------------------|-------------------------|--------------------------|-----------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | | | Tax Liability | Change in Tax | Tax Liability | Change in Tax | Tax Liability | Change in Tax |
| 30,000 | 0 | 30,000 | 1,797 | 1,597 | -200 | 1,597 | -200 | 1,597 | -200 |
| 35,000 | 0 | 35,000 | 2,747 | 2,547 | -200 | 2,547 | -200 | 2,547 | -200 |
| 40,000 | 0 | 40,000 | 4,438 | 4,148 | -290 | 3,983 | -455 | 3,983 | -455 |
| 45,000 | 0 | 45,000 | 6,638 | 6,198 | -440 | 6,098 | -540 | 6,098 | -540 |
| 50,000 | 0 | 50,000 | 8,547 | 8,017 | -530 | 8,007 | -540 | 8,007 | -540 |
| 55,000 | 0 | 55,000 | 10,347 | 9,817 | -530 | 9,807 | -540 | 9,807 | -540 |
| 60,000 | 0 | 60,000 | 12,147 | 11,617 | -530 | 11,607 | -540 | 11,607 | -540 |
| 65,000 | 0 | 65,000 | 13,947 | 13,417 | -530 | 13,407 | -540 | 13,407 | -540 |
| 70,000 | 0 | 70,000 | 15,697 | 15,167 | -530 | 15,157 | -540 | 15,157 | -540 |
| 75,000 | 0 | 75,000 | 17,422 | 16,892 | -530 | 16,882 | -540 | 16,882 | -540 |
| 80,000 | 0 | 80,000 | 19,147 | 18,617 | -530 | 18,607 | -540 | 18,607 | -540 |
| 85,000 | 0 | 85,000 | 20,872 | 20,342 | -530 | 20,332 | -540 | 20,332 | -540 |
| 90,000 | 0 | 90,000 | 22,732 | 22,067 | -665 | 22,057 | -675 | 22,057 | -675 |
| 100,000 | 0 | 100,000 | 26,632 | 26,117 | -515 | 25,507 | -1,125 | 25,507 | -1,125 |
| 110,000 | 0 | 110,000 | 30,532 | 30,167 | -365 | 28,957 | -1,575 | 28,957 | -1,575 |
| 120,000 | 0 | 120,000 | 34,432 | 34,217 | -215 | 32,407 | -2,025 | 32,407 | -2,025 |
| 130,000 | 0 | 130,000 | 38,332 | 38,197 | -135 | 36,307 | -2,025 | 35,857 | -2,475 |
| 140,000 | 0 | 140,000 | 42,232 | 42,097 | -135 | 40,207 | -2,025 | 39,307 | -2,925 |
| 160,000 | 0 | 160,000 | 50,032 | 49,897 | -135 | 48,007 | -2,025 | 46,207 | -3,825 |
| 180,000 | 0 | 180,000 | 57,832 | 57,697 | -135 | 55,807 | -2,025 | 53,107 | -4,725 |
| 200,000 | 0 | 200,000 | 67,232 | 67,097 | -135 | 65,207 | -2,025 | 60,007 | -7,225 |

*The table provides stylised cameos based on the tax payable for these households, excluding any transfer payments. The tax liability and reduction in tax is calculated only taking into account the basic tax scales, low income tax offset, low and middle income tax offset and the Medicare levy (at 2 per cent with the change to the Medicare levy low income thresholds). Actual outcomes for many individuals and households would differ.

Change in household tax paid – Dual income couple - equal income split

| Taxable Income - Spouse 1 | Taxable Income - Spouse 2 | Household Taxable Income | Current Tax Liability | From 2018-19 | | From 2022-23 | | From 2024-25 | |
|---------------------------|---------------------------|--------------------------|-----------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | | | Tax Liability | Change in Tax | Tax Liability | Change in Tax | Tax Liability | Change in Tax |
| 30,000 | 30,000 | 60,000 | 4,794 | 4,394 | -400 | 4,394 | -400 | 4,394 | -400 |
| 35,000 | 35,000 | 70,000 | 6,894 | 6,494 | -400 | 6,494 | -400 | 6,494 | -400 |
| 40,000 | 40,000 | 80,000 | 9,894 | 9,314 | -580 | 8,984 | -910 | 8,984 | -910 |
| 45,000 | 45,000 | 90,000 | 13,494 | 12,614 | -880 | 12,414 | -1,080 | 12,414 | -1,080 |
| 50,000 | 50,000 | 100,000 | 17,094 | 16,034 | -1,060 | 16,014 | -1,080 | 16,014 | -1,080 |
| 55,000 | 55,000 | 110,000 | 20,694 | 19,634 | -1,060 | 19,614 | -1,080 | 19,614 | -1,080 |
| 60,000 | 60,000 | 120,000 | 24,294 | 23,234 | -1,060 | 23,214 | -1,080 | 23,214 | -1,080 |
| 65,000 | 65,000 | 130,000 | 27,894 | 26,834 | -1,060 | 26,814 | -1,080 | 26,814 | -1,080 |
| 70,000 | 70,000 | 140,000 | 31,394 | 30,334 | -1,060 | 30,314 | -1,080 | 30,314 | -1,080 |
| 75,000 | 75,000 | 150,000 | 34,844 | 33,784 | -1,060 | 33,764 | -1,080 | 33,764 | -1,080 |
| 80,000 | 80,000 | 160,000 | 38,294 | 37,234 | -1,060 | 37,214 | -1,080 | 37,214 | -1,080 |
| 85,000 | 85,000 | 170,000 | 41,744 | 40,684 | -1,060 | 40,664 | -1,080 | 40,664 | -1,080 |
| 90,000 | 90,000 | 180,000 | 45,464 | 44,134 | -1,330 | 44,114 | -1,350 | 44,114 | -1,350 |
| 100,000 | 100,000 | 200,000 | 53,264 | 52,234 | -1,030 | 51,014 | -2,250 | 51,014 | -2,250 |
| 110,000 | 110,000 | 220,000 | 61,064 | 60,334 | -730 | 57,914 | -3,150 | 57,914 | -3,150 |
| 120,000 | 120,000 | 240,000 | 68,864 | 68,434 | -430 | 64,814 | -4,050 | 64,814 | -4,050 |
| 130,000 | 130,000 | 260,000 | 76,664 | 76,394 | -270 | 72,614 | -4,050 | 71,714 | -4,950 |
| 140,000 | 140,000 | 280,000 | 84,464 | 84,194 | -270 | 80,414 | -4,050 | 78,614 | -5,850 |
| 160,000 | 160,000 | 320,000 | 100,064 | 99,794 | -270 | 96,014 | -4,050 | 92,414 | -7,650 |
| 180,000 | 180,000 | 360,000 | 115,664 | 115,394 | -270 | 111,614 | -4,050 | 106,214 | -9,450 |
| 200,000 | 200,000 | 400,000 | 134,464 | 134,194 | -270 | 130,414 | -4,050 | 120,014 | -14,450 |

*The table provides stylised cameos based on the tax payable for these households, excluding any transfer payments. The tax liability and reduction in tax is calculated only taking into account the basic tax scales, low income tax offset, low and middle income tax offset and the Medicare levy (at 2 per cent with the change to the Medicare levy low income thresholds). Actual outcomes for many individuals and households would differ.

Change in household tax paid – Dual income couple - two-thirds and one-third split

| Taxable Income - Primary Earner | Taxable Income - Spouse | Household Taxable Income | Current Tax Liability | From 2018-19 | | From 2022-23 | | From 2024-25 | |
|--|-------------------------------|--------------------------------|-----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | | | | Tax Liability | Change in Tax | Tax Liability | Change in Tax | Tax Liability | Change in Tax |
| 40,200 | 19,800 | 60,000 | 5,019 | 4,723 | -296 | 4,547 | -472 | 4,547 | -472 |
| 46,900 | 23,100 | 70,000 | 8,029 | 7,332 | -697 | 7,289 | -740 | 7,289 | -740 |
| 53,600 | 26,400 | 80,000 | 11,398 | 10,668 | -730 | 10,658 | -740 | 10,658 | -740 |
| 60,300 | 29,700 | 90,000 | 14,589 | 13,859 | -730 | 13,849 | -740 | 13,849 | -740 |
| 67,000 | 33,000 | 100,000 | 17,689 | 16,959 | -730 | 16,949 | -740 | 16,949 | -740 |
| 73,700 | 36,300 | 110,000 | 20,694 | 19,964 | -730 | 19,954 | -740 | 19,954 | -740 |
| 80,400 | 39,600 | 120,000 | 24,088 | 23,280 | -808 | 23,127 | -961 | 23,127 | -961 |
| 87,100 | 42,900 | 130,000 | 27,592 | 26,681 | -912 | 26,508 | -1,085 | 26,508 | -1,085 |
| 93,800 | 46,200 | 140,000 | 31,393 | 30,309 | -1,084 | 30,007 | -1,386 | 30,007 | -1,386 |
| 100,500 | 49,500 | 150,000 | 35,194 | 34,157 | -1,038 | 33,507 | -1,688 | 33,507 | -1,688 |
| 107,200 | 52,800 | 160,000 | 38,995 | 38,058 | -937 | 37,006 | -1,989 | 37,006 | -1,989 |
| 113,900 | 56,100 | 170,000 | 42,796 | 41,960 | -837 | 40,506 | -2,291 | 40,506 | -2,291 |
| 120,600 | 59,400 | 180,000 | 46,597 | 45,861 | -736 | 44,032 | -2,565 | 44,005 | -2,592 |
| 134,000 | 66,000 | 200,000 | 54,199 | 53,534 | -665 | 51,634 | -2,565 | 51,004 | -3,195 |
| 147,400 | 72,600 | 220,000 | 61,712 | 61,047 | -665 | 59,147 | -2,565 | 57,914 | -3,798 |
| 160,800 | 79,200 | 240,000 | 69,215 | 68,550 | -665 | 66,650 | -2,565 | 64,814 | -4,401 |
| 174,200 | 85,800 | 260,000 | 76,718 | 76,053 | -665 | 74,153 | -2,565 | 71,714 | -5,004 |
| 187,600 | 92,400 | 280,000 | 85,072 | 84,308 | -764 | 82,264 | -2,808 | 78,614 | -6,458 |
| 200,000 | 100,000 | 300,000 | 93,864 | 93,214 | -650 | 90,714 | -3,150 | 85,514 | -8,350 |

*The table provides stylised cameos based on the tax payable for these households, excluding any transfer payments. The tax liability and reduction in tax is calculated only taking into account the basic tax scales, low income tax offset, low and middle income tax offset and the Medicare levy (at 2 per cent with the change to the Medicare levy low income thresholds). Actual outcomes for many individuals and households would differ.

Questions and answers

Low and middle income tax offset

When will I receive the benefit of the low and middle income tax offset?

- Individuals will receive the benefit as a lump sum on assessment after lodging their tax return. The offset will apply to individuals' tax returns lodged for the 2018-19, 2019-20, 2020-21 and 2021-22 income years.

Can both my spouse and I receive the offset?

- Yes, the entitlement to the offset is on an individual basis.

Will Australians without a tax liability benefit from the offset?

- No, the offset is non-refundable, meaning it can only be used to reduce a taxpayer's income tax liability to zero and cannot be used to reduce the Medicare levy.
- The Government separately provides targeted support to those on low incomes through the transfer and payments system.

What happens to the new offset after 2021-22?

- The offset will be removed but its benefit will be continued by extending the 19 per cent tax bracket from \$37,000 to \$41,000, and increasing the low income tax offset from \$445 to \$645.

Can non-residents receive the offset?

- No, an individual must be an Australian resident for tax purposes.

Will the increase to the low income tax offset (LITO) from 2022-23 affect the seniors and pensioner's tax offset (SAPTO)?

- The new LITO will not affect the entitlement to SAPTO. The maximum SAPTO amount (\$2,230 for singles) and shade-out income threshold (\$32,279 for singles) will remain the same.

Changes to income tax thresholds

When will the benefit of increasing the top threshold of the 32.5 per cent tax bracket from \$87,000 threshold to \$90,000 be received?

- The benefit will be received from 1 July 2018 as part of pay as you go withholding.

Budget repair

Why is the Government prioritising these tax cuts rather than putting the money towards budget repair?

- This plan is affordable and will make personal income tax lower, fairer and simpler. By growing our economy the Government can fund this plan and deliver a stronger Budget to ensure Australia continues to live within its means.
- The plan is fully funded in the forward estimates and medium term fiscal projections, with the underlying cash balance returning to balance in 2019-20 and sustained surpluses thereafter over the medium-term.