Tax cuts to help Australians with the cost of living

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| The Government is delivering tax cuts for all Australian taxpayers from 1 July 2024. The Government’s tax cuts will ease cost‑of‑living pressures for middle Australia, and support women and the economy. |

## Tax cuts for all Australian taxpayers

From 1 July this year, the Government will:

* Reduce the 19 per cent tax rate to 16 per cent
* Reduce the 32.5 per cent tax rate to 30 per cent
* Increase the threshold above which the 37 per cent tax rate applies from $120,000 to $135,000
* Increase the threshold above which the 45 per cent tax rate applies from $180,000 to $190,000

All 13.6 million Australian taxpayers will receive a tax cut from 2024–25 onwards.

A person on the average wage of around $73,000 will get a tax cut of $1,504.

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| Income | Annual tax cut |
| $45,000 | $804 |
| $75,000 | $1,554 |
| $100,000 | $2,179 |
| $150,000 | $3,729 |

The Government is also increasing Medicare levy low‑income thresholds for 2023‍–‍24, reducing or eliminating altogether the amount of Medicare levy paid by more than a million Australians on lower incomes.

## More cost of living relief for middle Australia

The Government’s top priority is delivering cost‑of‑living relief. Australians are under pressure and tax cuts will help.

The Government’s tax cuts will provide meaningful cost‑of‑living relief to middle Australia and all Australian taxpayers.

Our tax changes do not add to inflationary pressures.

These tax cuts build on the billions of dollars of targeted cost‑of‑living relief already being rolled out by the Government including energy bill relief; cheaper medicines; strengthening Medicare; higher income support payments; and the largest increase to Commonwealth Rent Assistance in over 30 years.

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| Matthew and Alice have two kids and are working full‑time. Matthew is a truck driver and Alice is a primary school teacher. In 2024‍–‍25, Matthew expects to earn $80,000 and Alice $90,000. The family will receive a combined tax cut of $3,608.  |

## A better tax system

The Government’s tax cuts will return bracket creep and lower average tax rates for all taxpayers.

The plan delivers a permanent reduction in tax for all taxpayers, with an average tax cut of $1,888 in 2024‍–‍25.

By 2034‍–‍35, someone earning an average income will pay $21,635 less tax than they would without these cuts.

The reductions in average tax rates provide all taxpayers with greater protection against bracket creep, particularly low‑ to middle-income taxpayers, and support the progressivity of Australia’s tax system.

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| Emma is working part time as a shop assistant. After deciding to increase her hours in 2024–25, she earns $30,000. Under current rates and thresholds, Emma would have paid $1,942 in income tax in 2024‍–‍25. However she will now receive a tax cut of $354.In addition to this tax cut, Emma will also benefit by $172 from the increase to the Medicare levy low‑income thresholds. |

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| Priya is a registered nurse who lives in regional Australia. She earned $90,000 and paid $21,517 income tax in 2023‍–‍24. On the same salary, Priya will get a tax cut of $1,929 in 2024–25. |

## Boosting labour supply with more benefits for women

The tax cuts will ensure Australians keep more of what they earn. Increases in take‑home pay will create opportunities for Australians to take on more hours of work, particularly women.

All 6.5 million women taxpayers will receive a tax cut in 2024‍–‍25, benefitting by an average amount of around $1,650. These changes will make it easier for women to participate in the workforce and support families to balance work and care.

The Government’s tax cuts complement continuing reforms to address women’s economic inequality. These include reforms to close the gender pay gap, support workplace flexibility and security, and rebalance unpaid care work.

New personal tax rates and thresholds for 2024–25

| Thresholds in 2023‍–‍24 ($) | Rates in 2023‍–‍24 (%) | New thresholds in 2024‍–‍25 ($) | New rates in 2024‍–‍25 (%) |
| --- | --- | --- | --- |
| 0 – 18,200 | Tax free | 0 – 18,200 | Tax free |
| 18,201 – 45,000 | 19 | 18,201 – 45,000 | 16 |
| 45,001 – 120,000 | 32.5 | 45,001 – 135,000 | 30 |
| 120,001 – 180,000 | 37 | 135,001 – 190,000 | 37 |
| >180,000 | 45 | >190,000 | 45 |

## Distributional tables

Table 1: Change in household tax paid – single person household

| Taxable Income | Tax liability in 2023–24 | Tax liability under new tax cuts | Tax cut |
| --- | --- | --- | --- |
| 30,000 | 1,942 | 1,588 | 354 |
| 35,000 | 3,192 | 2,688 | 504 |
| 40,000 | 4,367 | 3,713 | 654 |
| 45,000 | 5,667 | 4,863 | 804 |
| 50,000 | 7,467 | 6,538 | 929 |
| 55,000 | 9,267 | 8,213 | 1,054 |
| 60,000 | 11,067 | 9,888 | 1,179 |
| 65,000 | 12,867 | 11,563 | 1,304 |
| 70,000 | 14,617 | 13,188 | 1,429 |
| 75,000 | 16,342 | 14,788 | 1,554 |
| 80,000 | 18,067 | 16,388 | 1,679 |
| 85,000 | 19,792 | 17,988 | 1,804 |
| 90,000 | 21,517 | 19,588 | 1,929 |
| 95,000 | 23,242 | 21,188 | 2,054 |
| 100,000 | 24,967 | 22,788 | 2,179 |
| 110,000 | 28,417 | 25,988 | 2,429 |
| 120,000 | 31,867 | 29,188 | 2,679 |
| 125,000 | 33,817 | 30,788 | 3,029 |
| 130,000 | 35,767 | 32,388 | 3,379 |
| 140,000 | 39,667 | 35,938 | 3,729 |
| 150,000 | 43,567 | 39,838 | 3,729 |
| 160,000 | 47,467 | 43,738 | 3,729 |
| 170,000 | 51,367 | 47,638 | 3,729 |
| 180,000 | 55,267 | 51,538 | 3,729 |
| 190,000 | 59,967 | 55,438 | 4,529 |
| 200,000 | 64,667 | 60,138 | 4,529 |

\* 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 and the Medicare levy. Actual outcomes for many individuals and households would differ.

\*\* 1.2 million taxpayers will benefit from the 7.1 per cent increase in Medicare levy low‑income thresholds for the 2023‍–‍24 income year. This increase will apply to singles, families and seniors and pensioners.

Table 2: Change in household tax paid – dual income couple with an equal income split

| Taxable Income – Spouse 1 | Taxable Income – Spouse 2 | Household Taxable Income | Tax liability in 2023–24 | Tax liability under new tax cuts | Tax cut |
| --- | --- | --- | --- | --- | --- |
| 30,000 | 30,000 | 60,000 | 3,884 | 3,176 | 708 |
| 35,000 | 35,000 | 70,000 | 6,384 | 5,376 | 1,008 |
| 40,000 | 40,000 | 80,000 | 8,734 | 7,426 | 1,308 |
| 45,000 | 45,000 | 90,000 | 11,334 | 9,726 | 1,608 |
| 50,000 | 50,000 | 100,000 | 14,934 | 13,076 | 1,858 |
| 55,000 | 55,000 | 110,000 | 18,534 | 16,426 | 2,108 |
| 60,000 | 60,000 | 120,000 | 22,134 | 19,776 | 2,358 |
| 65,000 | 65,000 | 130,000 | 25,734 | 23,126 | 2,608 |
| 70,000 | 70,000 | 140,000 | 29,234 | 26,376 | 2,858 |
| 75,000 | 75,000 | 150,000 | 32,684 | 29,576 | 3,108 |
| 80,000 | 80,000 | 160,000 | 36,134 | 32,776 | 3,358 |
| 85,000 | 85,000 | 170,000 | 39,584 | 35,976 | 3,608 |
| 90,000 | 90,000 | 180,000 | 43,034 | 39,176 | 3,858 |
| 95,000 | 95,000 | 190,000 | 46,484 | 42,376 | 4,108 |
| 100,000 | 100,000 | 200,000 | 49,934 | 45,576 | 4,358 |
| 110,000 | 110,000 | 220,000 | 56,834 | 51,976 | 4,858 |
| 120,000 | 120,000 | 240,000 | 63,734 | 58,376 | 5,358 |
| 130,000 | 130,000 | 260,000 | 71,534 | 64,776 | 6,758 |
| 140,000 | 140,000 | 280,000 | 79,334 | 71,876 | 7,458 |
| 150,000 | 150,000 | 300,000 | 87,134 | 79,676 | 7,458 |
| 160,000 | 160,000 | 320,000 | 94,934 | 87,476 | 7,458 |
| 170,000 | 170,000 | 340,000 | 102,734 | 95,276 | 7,458 |
| 180,000 | 180,000 | 360,000 | 110,534 | 103,076 | 7,458 |
| 190,000 | 190,000 | 380,000 | 119,934 | 110,876 | 9,058 |
| 200,000 | 200,000 | 400,000 | 129,334 | 120,276 | 9,058 |

\* 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 and the Medicare levy. Actual outcomes for many individuals and households would differ.

Table 3: Change in household tax paid – dual income couple with two‑thirds and one‑third split

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| --- | --- | --- | --- | --- | --- |
| Taxable Income – Spouse 1 | Taxable Income – Spouse 2 | Household Taxable Income | Tax liability in 2023–24 | Tax liability under new tax cuts | Tax cut |
| 40,200 | 19,800 | 60,000 | 4,419 | 3,759 | 660 |
| 46,900 | 23,100 | 70,000 | 6,582 | 5,584 | 999 |
| 53,600 | 26,400 | 80,000 | 9,661 | 8,396 | 1,265 |
| 60,300 | 29,700 | 90,000 | 13,030 | 11,499 | 1,532 |
| 67,000 | 33,000 | 100,000 | 16,354 | 14,556 | 1,798 |
| 73,700 | 36,300 | 110,000 | 19,359 | 17,294 | 2,065 |
| 80,400 | 39,600 | 120,000 | 22,468 | 20,137 | 2,331 |
| 87,100 | 42,900 | 130,000 | 25,638 | 23,040 | 2,598 |
| 93,800 | 46,200 | 140,000 | 28,927 | 26,069 | 2,858 |
| 100,500 | 49,500 | 150,000 | 32,427 | 29,319 | 3,108 |
| 107,200 | 52,800 | 160,000 | 35,926 | 32,568 | 3,358 |
| 113,900 | 56,100 | 170,000 | 39,426 | 35,818 | 3,608 |
| 120,600 | 59,400 | 180,000 | 42,952 | 39,067 | 3,885 |
| 134,000 | 66,000 | 200,000 | 50,554 | 45,566 | 4,988 |
| 147,400 | 72,600 | 220,000 | 58,067 | 52,844 | 5,223 |
| 160,800 | 79,200 | 240,000 | 65,570 | 60,182 | 5,388 |
| 174,200 | 85,800 | 260,000 | 73,073 | 67,520 | 5,553 |
| 187,600 | 92,400 | 280,000 | 81,184 | 74,858 | 6,326 |
| 200,000 | 100,000 | 300,000 | 89,634 | 82,926 | 6,708 |

\* 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 and the Medicare levy. Actual outcomes for many individuals and households would differ.