



The Hon Peter Costello MP

Treasurer

Personal Income Tax Cuts

What are the personal income tax changes?

- ▶ From 1 July 2003, personal income tax thresholds will be increased as follows:
 - the 30 per cent threshold will be increased from \$20,000 to \$21,600;
 - the 42 per cent threshold will be increased from \$50,000 to \$52,000; and
 - the 47 per cent threshold will be increased from \$60,000 to \$62,500.
- ▶ The Government will increase the low income tax offset to \$235 per year, an increase of \$85 per year. The threshold of income from which the low income tax offset begins to be reduced will also be increased from \$20,700 to \$21,600. Some offset will be able to be claimed by taxpayers with annual incomes up to \$27,475.

How will the personal tax cuts affect taxpayers?

- ▶ These changes mean that Australian taxpayers can keep a higher proportion of the earnings they receive after tax, providing improved incentives to pursue work, advancement and higher skills.

What are the tax cuts worth?

- ▶ The estimated value of the tax cuts for Australian taxpayers on a range of annual incomes is attached to this fact sheet.

How will the tax cuts be delivered to taxpayers?

- ▶ The increases in the personal income tax thresholds will be reflected in lower amounts of tax withheld from taxpayers' income.
 - ▶ The low income tax offset is claimed by taxpayers in their annual income tax return.
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Further information

- ▶ Further information about this and other Budget measures can be obtained on the Internet at <http://www.budget.gov.au>.
 - ▶ See also *Fact Sheet: Personal Income Tax Cuts – Low Income Earners* and *Fact Sheet: Personal Income Tax Cuts – Senior Australians*.
 - ▶ The Australian Taxation Office Personal Tax Infoline can be contacted on 13 28 61.
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Personal income tax cuts – taxpayers with annual taxable income between \$10,000 and \$100,000

	Annual taxable income	Estimated annual reduction in tax liability	
	\$	\$	%
Increased low income tax offset applies	10,000	85	16.0
	15,000	85	6.2
	20,000	85	3.4
	21,600	329	10.7
	22,000	329	10.2
Increased low income tax offset and higher income from which the offset shades out applies plus increased personal income tax thresholds	22,500	329	9.7
	23,000	329	9.2
	23,500	329	8.8
	24,000	329	8.4
	24,500	327	8.0
	25,000	307	7.2
	25,500	287	6.5
	26,000	267	5.8
	26,500	247	5.2
	27,000	227	4.6
	27,475	208	4.1
	30,000	208	3.6
	35,000	208	2.8
	40,000	208	2.3
	45,000	208	2.0
	50,000	208	1.7
Increased personal income tax thresholds apply	55,000	448	3.1
	60,000	448	2.7
	65,000	573	3.0
	70,000	573	2.7
	75,000	573	2.4
	80,000	573	2.2
	85,000	573	2.0
	90,000	573	1.8
	95,000	573	1.7
	100,000	573	1.6