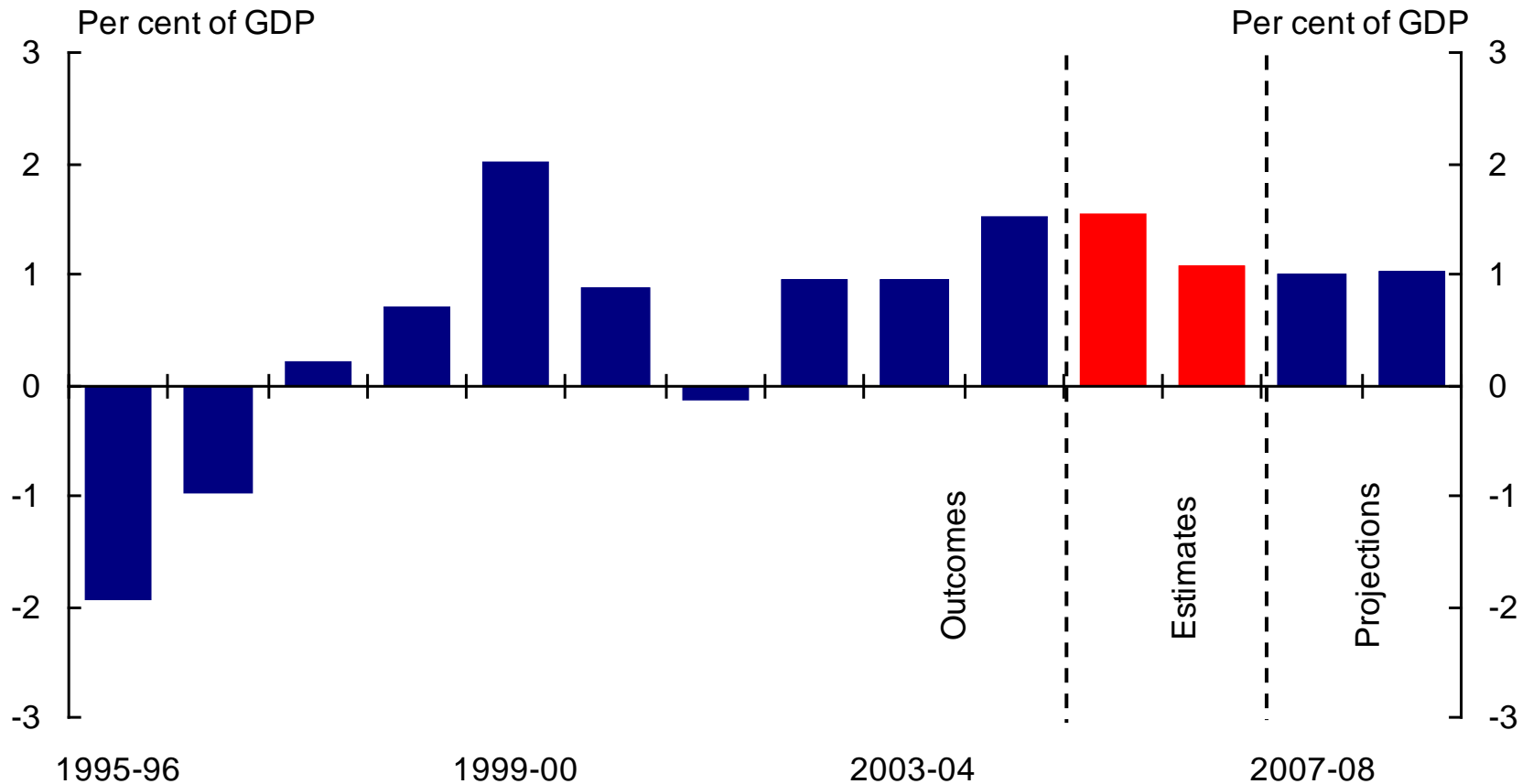


BUDGET
2006-07

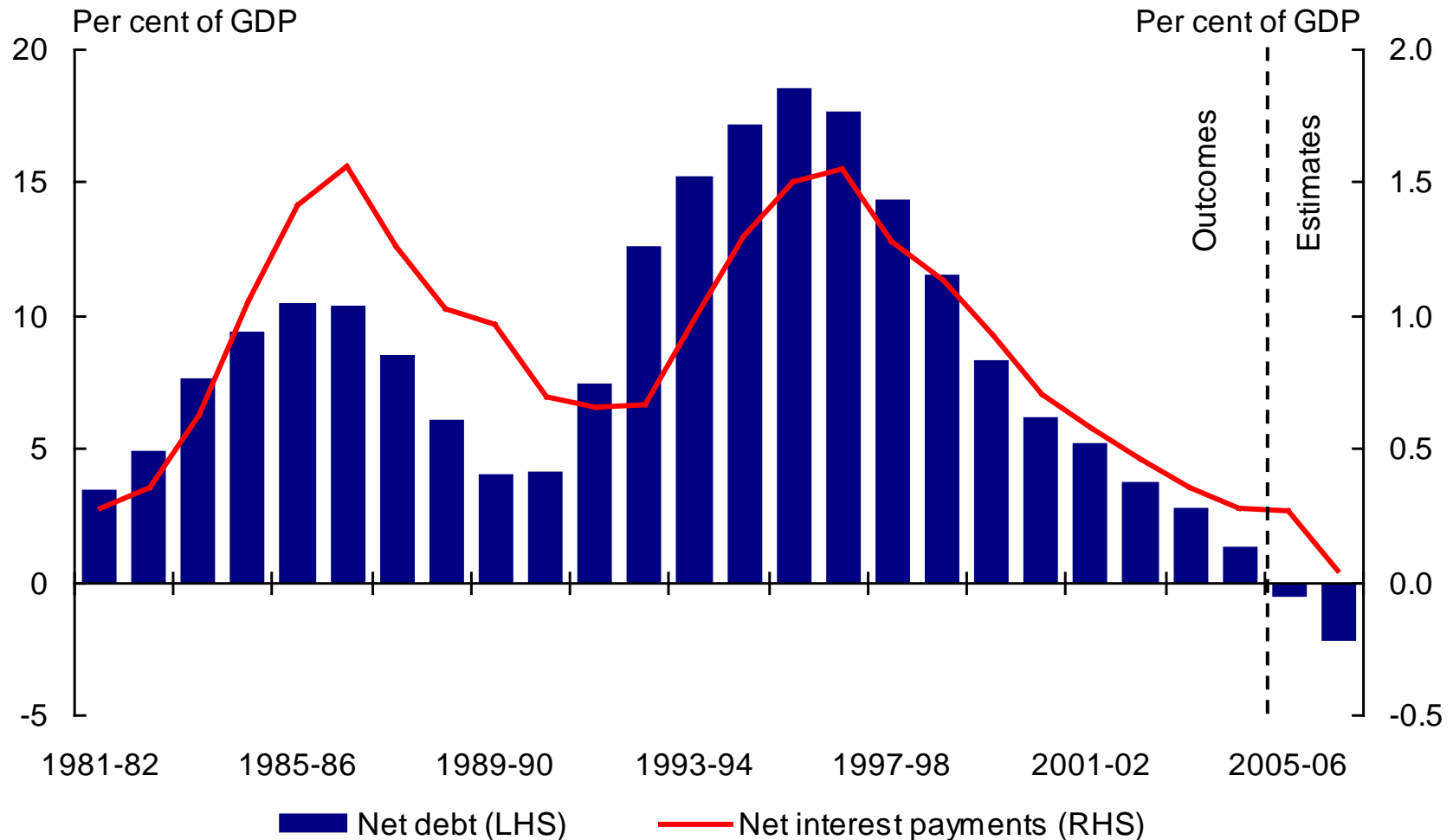
2006-07 Post-Budget Address

The Hon Peter Costello
Treasurer

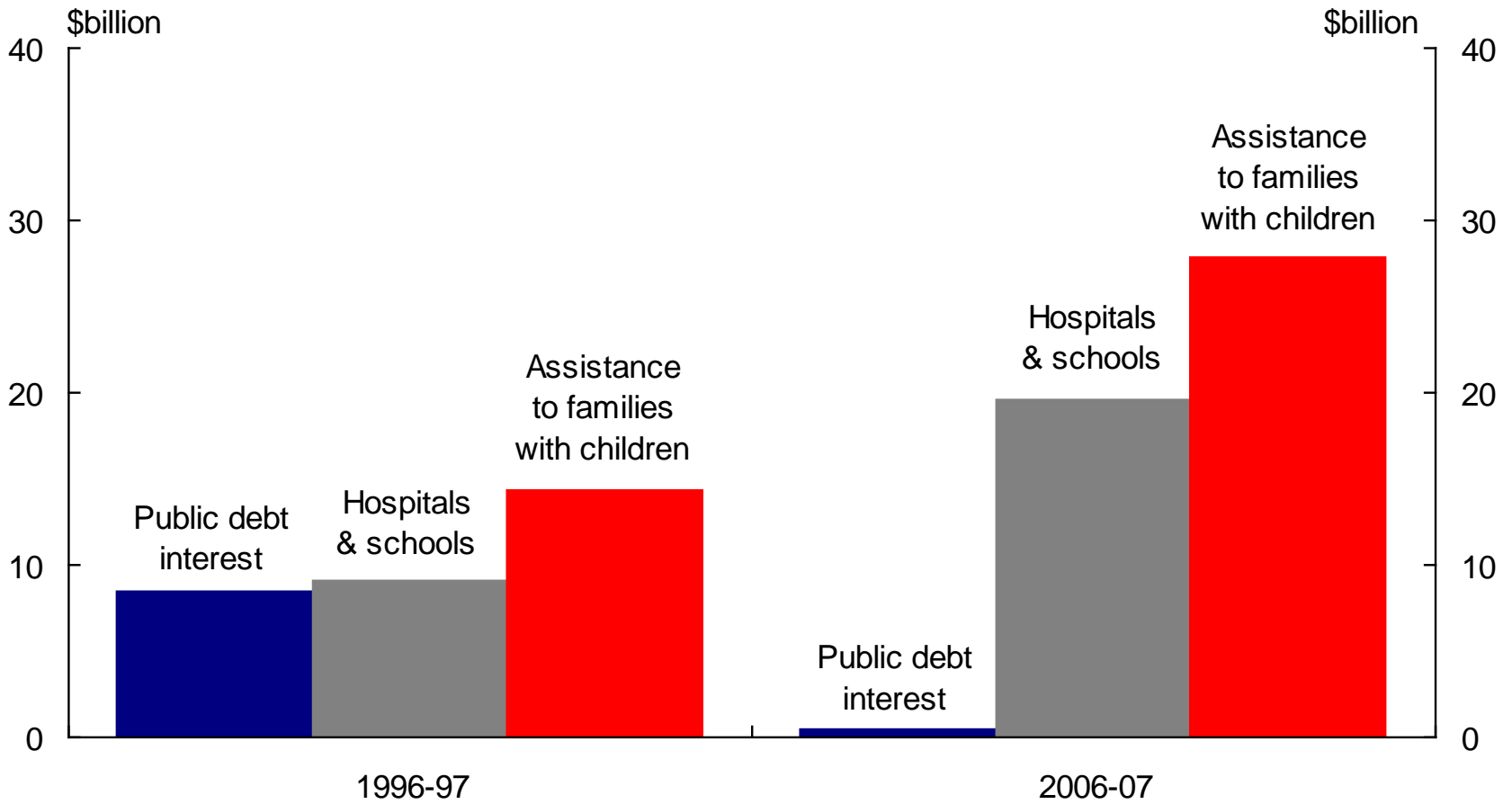
Underlying cash balance



General government sector net debt and net interest payments



Ability to re-direct spending



Terms of trade



Personal income tax cuts

2005-06

Current tax thresholds Income range (\$)	Tax rate %
0 - 6,000	0
6,001 - 21,600	15
21,601 - 63,000	30
63,001 - 95,000	42
95,001 +	47

From 1 July 2006

New tax thresholds Income range (\$)	Tax rate %
0 - 6,000	0
6,001 - 25,000	15
25,001 - 75,000	30
75,001 - 150,000	40
150,001 +	45

- **Low Income Tax Offset increase to \$600 plus phase out from \$25,000 (up from \$21,600).**
- **Medicare levy phase-in halved.**

Personal Income Tax Cuts

1 July 1996

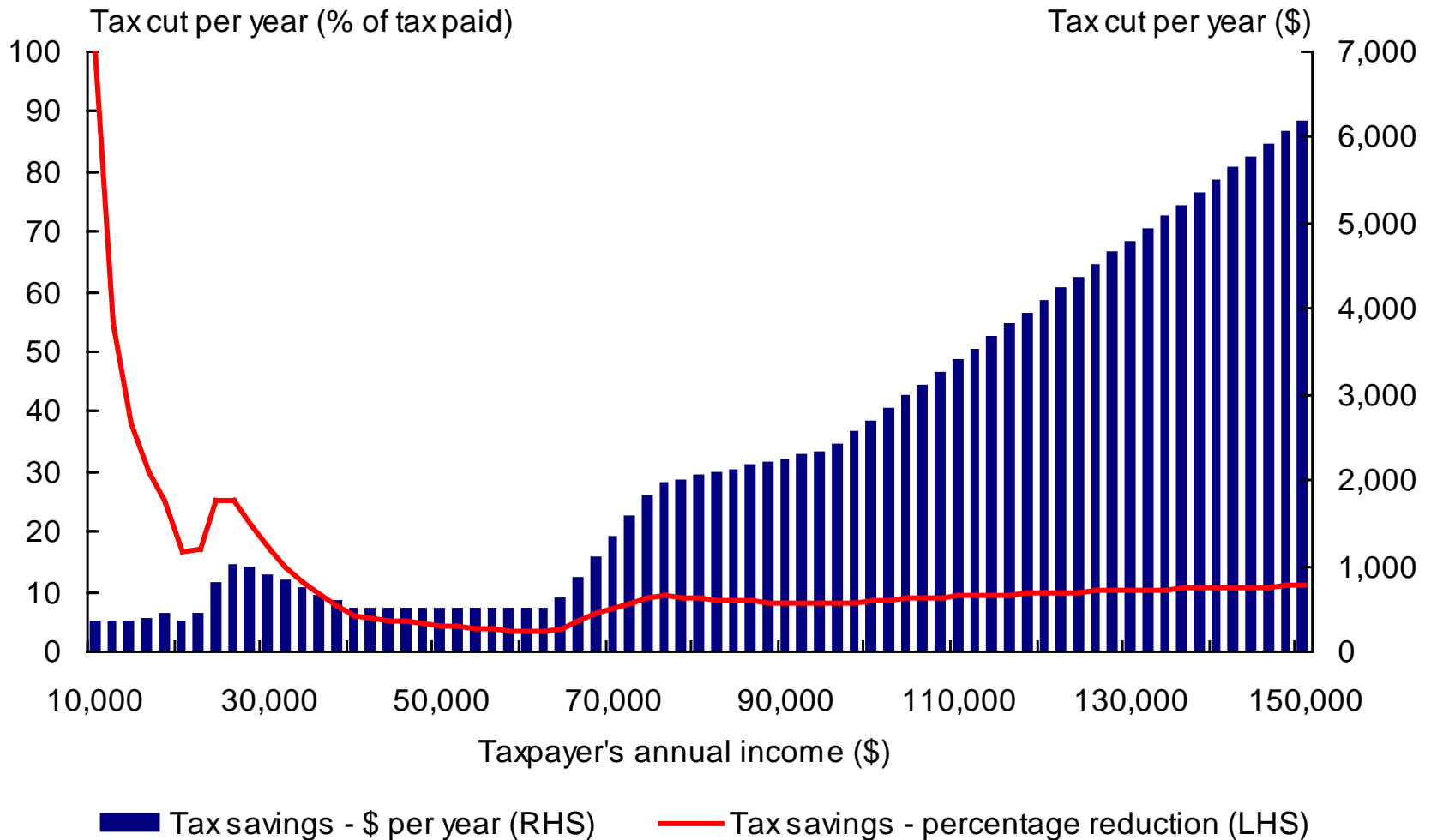
Income range (\$)	Tax rate %
0 - 5,400	0
5,401 - 20,700	20
20,701 - 38,000	34
38,001 - 50,000	43
50,001 +	47

1 July 2006

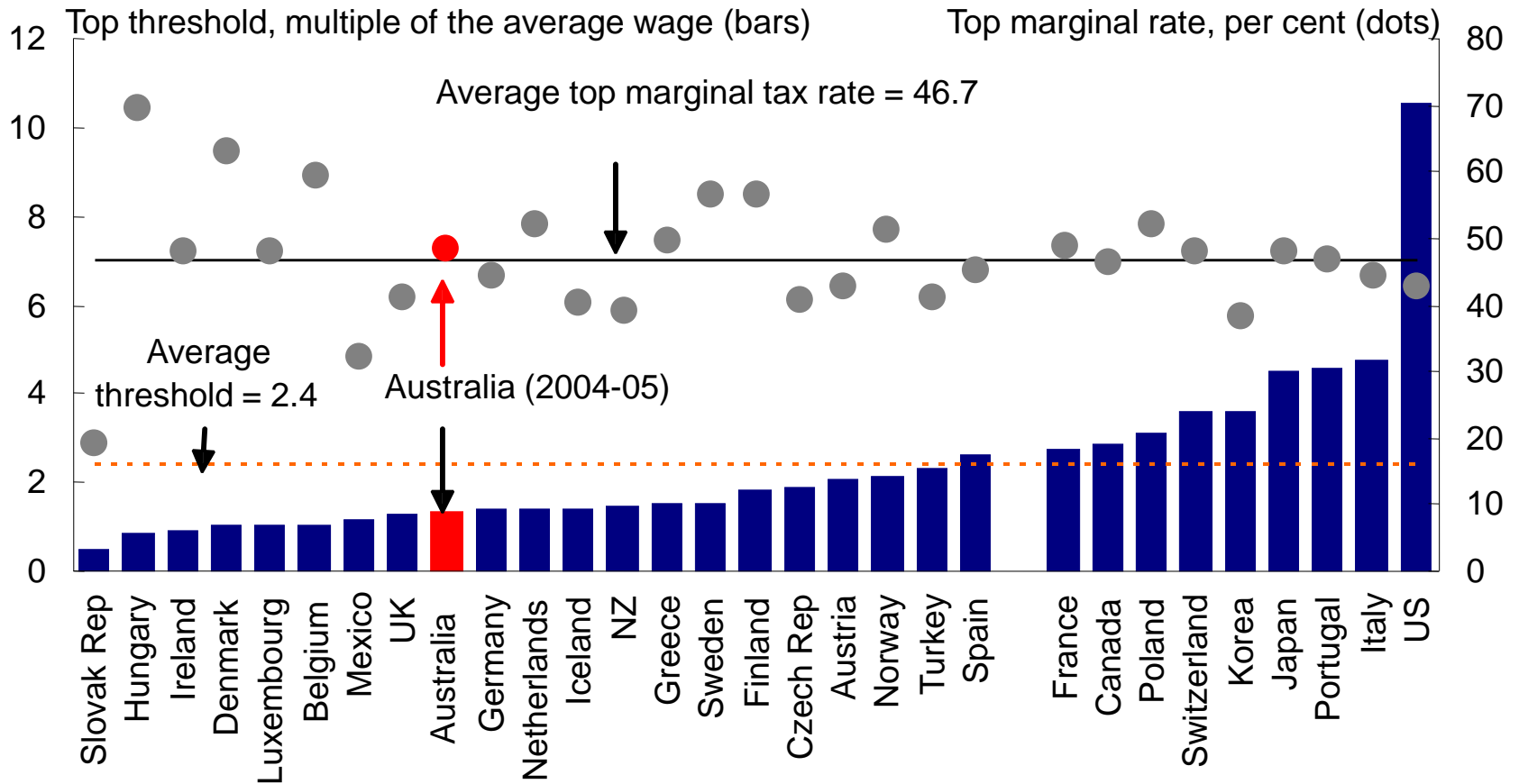
Income range (\$)	Tax rate %
0 - 6,000	0
6,001 - 25,000	15
25,001 - 75,000	30
75,001 - 150,000	40
150,001 +	45



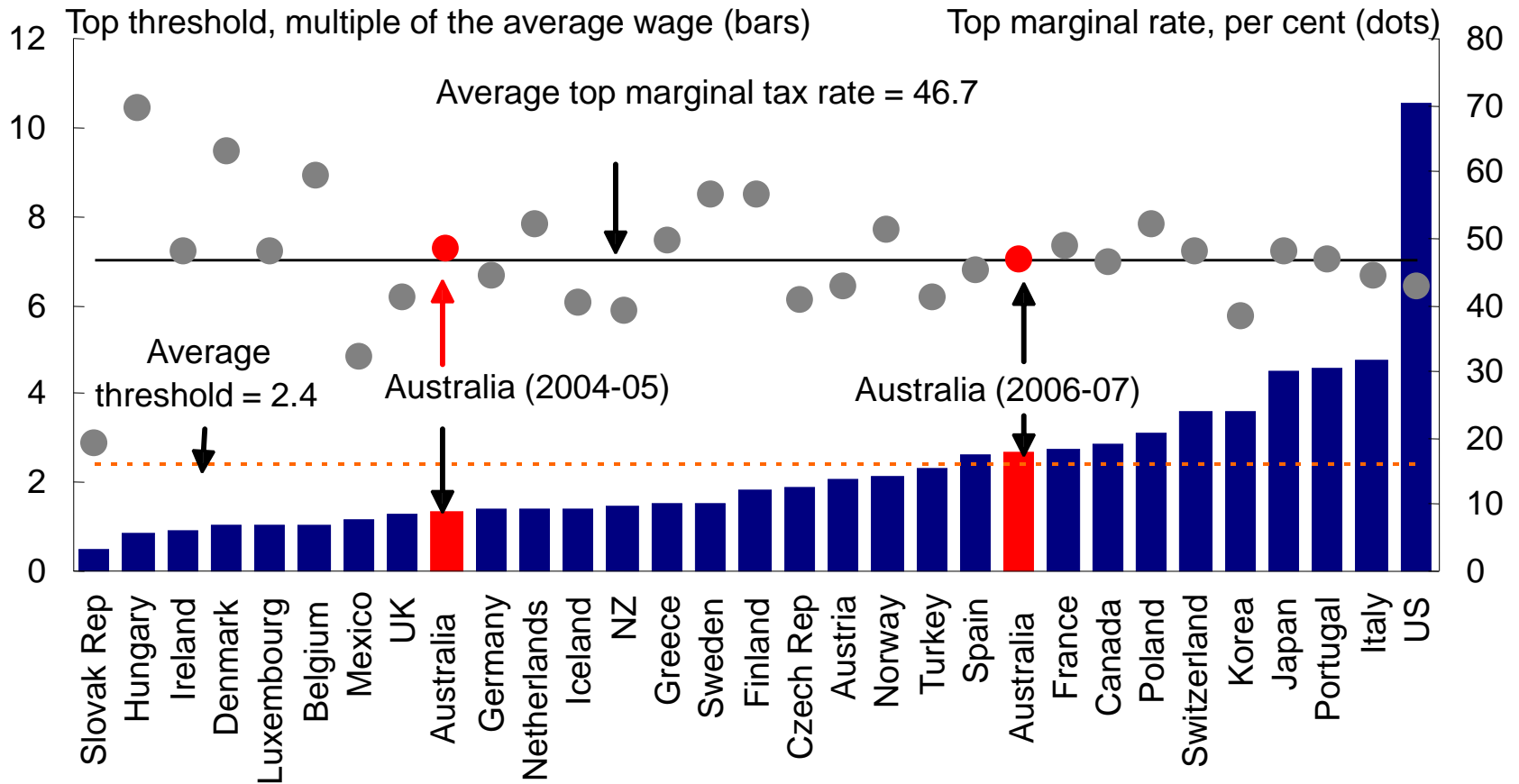
Work incentives with income tax reform



A more competitive income tax system



A more competitive income tax system



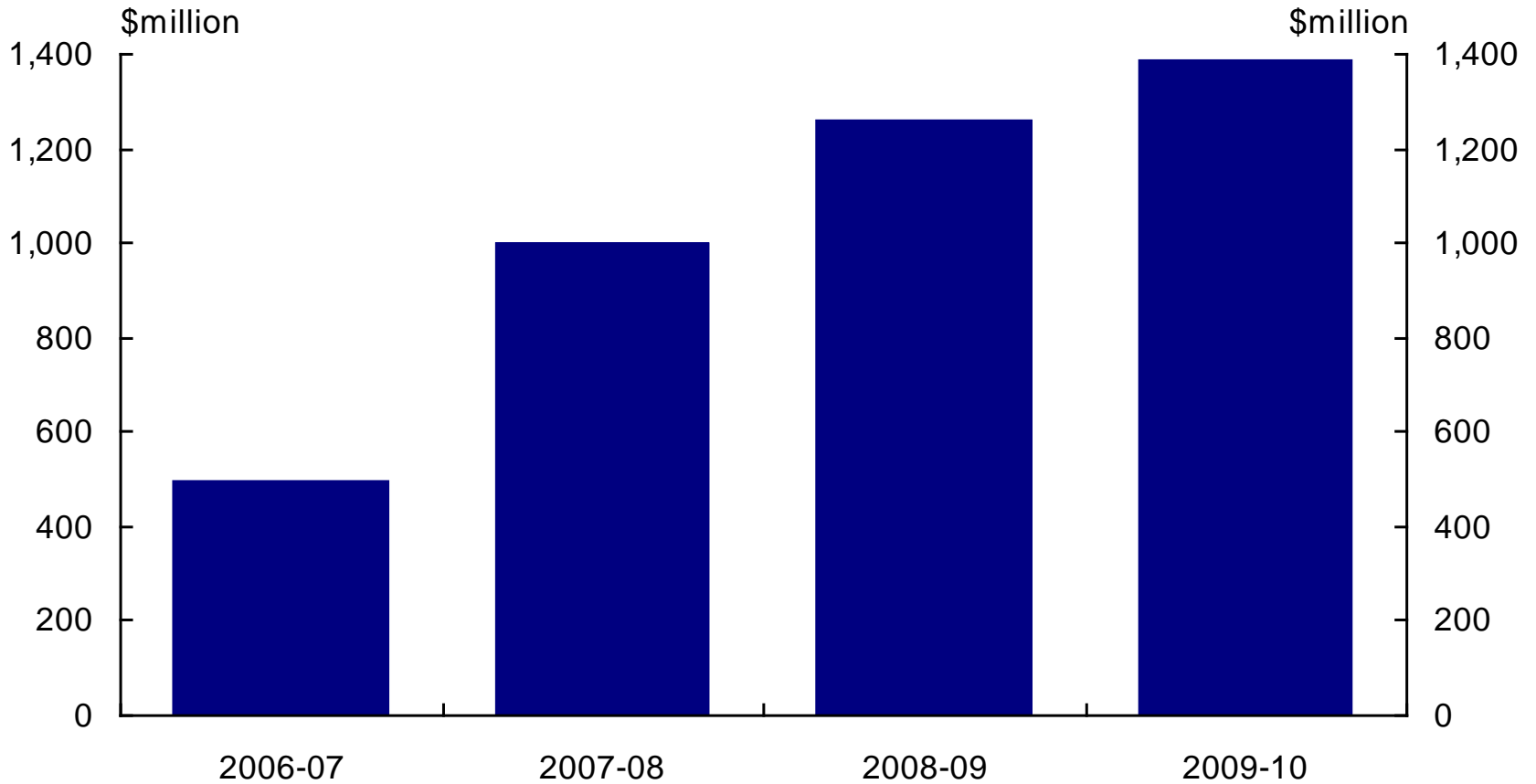
Increased benefits for families from 1 July 2006

- Family Tax Benefit Part A threshold will increase from \$33,361 to \$40,000
 - In 2004 the first taper rate was reduced from 30% to 20%
- Large Family Supplement will extend to families with 3 children
- More child care places
 - Outside School Hours Care and Family Day Care places will be uncapped
- Maternity Payment will increase from \$3,166 to \$4,000
- Child Care Tax Rebate will be payable

Older Australians and carers

- One-off payment equal to Utilities Allowance (\$102.80)
 - To pensioner households
 - To individual self-funded retirees
 - To households with recipients of Mature Age Allowance, Partner Allowance, Widow Allowance
- Ongoing eligibility to Utilities Allowance extended to recipients of Mature Age Allowance, Partner Allowance and Widow Allowance
 - Six-monthly payments will commence in 2006-07

Business tax cuts



Superannuation proposals

- No benefits tax for retirees aged 60+
 - Simpler tax arrangements for retirees aged 55-60
 - Reasonable Benefit Limits abolished
- More generous pension assets test taper
 - Taper rate halved to \$1.50 per \$1,000 above \$157,000 (single homeowner)
- Self-employed: full deductibility and access to co-contribution
- More flexibility for people who want to work longer

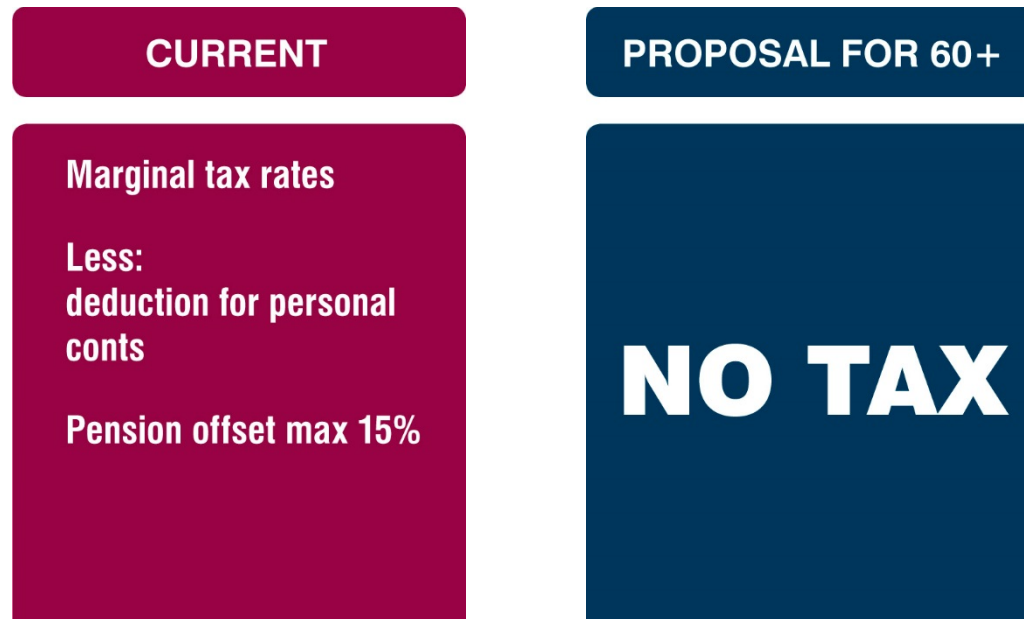
Simpler tax rules for retirees

Lump sums – Age 60+

	CURRENT TAX TREATMENT	PROPOSAL FOR 60+
Pre-July 1983	5% at MTRs	NO TAX
Concessional Undeducted contributions Post-June 1994 invalidity Capital Gains Tax exempt	5% at MTRs Exempt Exempt Exempt	
Non-qualifying	Marginal rates	
Post-June 1983	0% to threshold then 15%	
Excessive	38%	

Simpler tax rules for retirees

Superannuation pensions



Includes superannuation pensions commenced before 1 July 2007