



Relieving the burden of tax on hard working Australians

Australians understand that our outdated tax system is punishing hard work, hindering growth, limiting opportunity and hampering innovation. We need to modernise our economy and our tax system or we risk being left behind.

This Budget is giving hard working Australians greater incentive to earn more without being taxed more.

Punishing tax rises

Middle income Australians are bearing a growing tax burden.

In recent years, those on low incomes have benefited from tax cuts and the carbon tax compensation that have been retained despite the carbon tax being abolished.

Without action, the average full time wage earner would face the second highest marginal tax rate this year and nearly half of all taxpayers would be in the top two brackets in ten years' time.

Making a Start on Lower Tax

In this Budget the Government is making a start on personal income tax relief.

The Government will prevent average full-time wage earners moving into the second top tax bracket until 2019-20 by increasing the 32.5 per cent tax threshold from \$80,000 to \$87,000.

This will stop around 500,000 taxpayers facing the 37 per cent marginal tax rate.

By pushing up the tax threshold on the middle tax bracket **we'll keep average full time wage earners on the lower rate for longer.**

This will reward hard working Australians for doing more overtime, picking up more shifts, taking a promotion or a better new job, without being penalised by paying more tax through the higher rate.

The Government will consider further measures to reduce the burden of tax as fiscal settings allow.

This Budget is a **Ten year Enterprise Tax Plan** that will boost new investment, create and support jobs and increase real wages.