



Tax cuts to help Australians with the cost of living

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.

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.

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.

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.

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

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.