

2008-09 Budgets – personal taxation

The proposed rates and tax payable from 1 July 2008 for resident taxpayers are as follows:

Taxable income (\$)	Tax payable (\$)
0 - 6,000	Nil
6,001 - 34,000	Nil + 15% of excess over 6,000
34,001 - 80,000	4,200 + 30% of excess over 34,000
80,001 - 180,000	18,000 + 40% of excess over 80,000
180,001+	58,000 + 45% of excess over 180,000

Medicare levy thresholds increased for 2007-08

From the 2007-08 income year, the Medicare levy low-income thresholds will be increased for singles to \$17,309 (up from \$16,740) and to \$29,207 for those who are members of a family (up from \$28,247 for 2006-07). The measure applies from 1 July 2007.

Medicare levy surcharge thresholds to be increased

The Treasurer announced that the 1% Medicare levy surcharge threshold for singles would increase from \$50,000 to \$70,000, and for a family, from \$100,000 to \$140,000.

Low income tax offset

For the 2008-09 income year, taxpayers will be entitled to the low income tax offset if their taxable income is less than \$60,000. For 2009-10, this upper threshold will increase to \$63,750, and from 1 July 2010, to \$67,500. Those eligible for the full low income tax offset will have an

effective tax-free threshold of \$14,000 in 2008-09, \$15,000 in 2009-10 and \$16,000 in 2010-11.

Eligibility for dependant offsets tightened

The Government will introduce an income threshold of \$150,000 for the claimant to determine eligibility for the dependent spouse, housekeeper, child housekeeper, invalid relative and parent/parent-in-law tax offsets, with effect from 1 July 2008. This threshold will be indexed.

Education tax refund

The Government has confirmed that it will introduce a refundable tax offset (the Education Tax Refund), to help with the costs of education.

Eligible families will be able to claim a 50% refund every year for key education expenses up to:

Families receiving Family Tax Benefit (Part A) with children undertaking primary or secondary studies will be eligible for the Education Tax Refund. Families whose children receive any of the following payments or allowances will also be eligible: Youth Allowance, Disability Support Pension and ABSTUDY and payments or allowances under the Veterans' Children Education Scheme, the Student Financial Supplement Scheme and the scheme under s 258 of the *Military Rehabilitation and Compensation Act 2004*.

Eligible families will be able to recoup the cost of items such as laptops, home computers, home internet connection, printers, education software, trade tools for use at school, school text books and stationery. The Education Tax Refund will apply to expenses incurred from 1 July 2008.