

**JOINT MEDIA RELEASE
WITH
THE HON WAYNE SWAN
TREASURER**

NEW TAX RELIEF STARTS TOMORROW

New tax relief starting tomorrow will boost incentives for hard work, building on last year's tax cuts and the Government's economic stimulus payments to deliver substantial benefits to low and middle-income Australians.

This new tax relief will mean more money in the pockets of Australian workers. This will help stimulate economic activity, supporting Australian businesses and jobs in the face of the worst global recession in 75 years.

In particular, the low income tax offset (LITO) will be substantially increased, lifting the effective tax free threshold for low-income workers, and providing more incentive to participate in the workforce, particularly for part-time and older workers.

From 1 July 2009:

- the LITO will increase from \$1,200 to \$1,350. This means the effective tax free threshold for taxpayers eligible for the full low income tax offset will increase from \$14,000 to \$15,000;
- the 30 per cent marginal tax rate threshold will rise from \$34,001 to \$35,001;
- the 40 per cent marginal tax rate will be reduced to 38 per cent; and
- the amount of income a senior Australian eligible for the senior Australian tax offset (SATO) can earn before they incur an income tax liability will increase from \$28,867 to \$29,867 for singles, and from \$24,680 to \$25,680 for each member of a couple.

The new tax relief starting tomorrow comes on top of substantial payments to cash-constrained Australians as part of the Government's stimulus measures to support Australian businesses and jobs during the global recession.

These payments have overwhelmingly benefitted low and middle-income Australians and have been very effective in supporting business activity, limiting job losses and keeping Australia from falling into technical recession.

Compared with their income tax liability for 2007-08 (and excluding the Medicare levy) by 2010-11:

- a person earning \$20,000 will have received an income tax cut of around 56 per cent,
- a person earning \$50,000 will have received an income tax cut of around 18 per cent; and
- a person earning \$80,000 will have received an income tax cut of around 8 per cent.

Families who are entitled to Family Tax Benefit A will also be eligible for the Government's generous Education Tax Refund for certain education expenses - like laptops, textbooks and home internet connections - incurred in the 2008-09 financial year. For the first time eligible families will be able to claim in their 2008-09 tax return:

- a 50 per cent refundable tax offset for up to \$750 of eligible expenses for each child undertaking primary school (that is, a refund of up to \$375 per child, per year); and
- a 50 per cent refundable tax offset for up to \$1,500 of eligible expenses for each child undertaking secondary school (that is, a refund of up to \$750 per child, per year).

From tomorrow, around 800,000 Australian families will also receive more help with child care costs following the indexation of child care rates and changes to income thresholds.

The maximum rate of the Child Care Benefit for one child using full-time approved child care will increase by \$6.50 per week to \$180.00, while the maximum amount of Childcare Rebate will increase by \$278 to \$7,778 per child per year.

The Baby Bonus will also increase by \$185 to \$5,185.

Payments provided under the Economic Security Strategy announced on 14 October 2008 include:

- a \$1,400 payment to singles, or a \$2,100 payment for couples combined, available to Age Pensioners, Disability Support Pensioners, Wife and Widow B Pensioners, Partner, Widow and Bereavement Allowees, Veterans' Affairs Service Pensioners, Income Support Supplement recipients and Gold Card holders eligible for Seniors Concession Allowance, Commonwealth Seniors Health Card holders, Carer Payment recipients and people of age pension age receiving Parenting Payment, Special Benefit or Austudy;
- a \$1,000 payment for each eligible child available to families who receive Family Tax Benefit Part A and to families with dependent children who receive Youth Allowance, ABSTUDY or a benefit from the Veterans' Children's Education Scheme.
- an increase from \$7,000 to \$14,000 for first home buyers of an established house; and
- an increase from \$7,000 to \$21,000 for first home buyers of a newly constructed house.

Payments provided under the Nation Building and Jobs Plan announced on 3 February 2009 include:

- a Tax Bonus of up to \$900 available to all Australians with incomes of \$100,000 or less who paid tax in 2007-08 after taking into account tax offsets and credits, such as the low income tax offset. The Tax Bonus is expected to benefit around 8.7 million Australians;
- a \$900 Single Income Family Bonus to support 1.5 million families with one main income earner;
- a \$950 Farmer's Hardship Bonus paid to around 21,500 drought-affected farmers and

farm-dependent small business owners receiving exceptional circumstances related income support;

- a \$950 per child Back to School Bonus to support 2.8 million children from over 1.2 million low and middle-income families; and
- a \$950 Training and Learning Bonus paid to students and people outside of the workforce returning to study or help with the costs of education and training.

Tomorrow also marks the start of several important changes to superannuation and family tax benefits announced in this year's Budget.

BRISBANE
30 June 2009