



2024 TAX CHANGES

What you need to know

Let's dive into the key highlights and understand how these changes might impact you.

In a bid to address economic challenges and provide relief to low and middle-income taxpayers, the Australian government has recently unveiled significant adjustments to the stage three tax cuts package.

Initiated several years ago by the former Liberal government, these changes aim to create a fairer tax system, aligning with the current economic climate.



Broadened Benefits

Australians earning less than \$150,000 will welcome positive adjustments to their tax rate. Notably, those earning less than \$45,000, previously left out under the previous legislation, are now in line to receive a tax cut.

Individuals falling within the \$50,000 to \$130,000 income bracket will experience the most significant benefits.

What does the income tax system look like now?

The first \$18,200 of annual earnings is not taxable (the so-called tax-free threshold). Then there are four tax brackets: individuals pay tax at 19% on earnings between \$18,201 and \$45,000, 32.5 per cent for earnings between \$45,001 and \$120,000, 37 per cent for earnings between \$120,001 and \$180,000, and 45 per cent for every dollar earned over that.

What were the stage three cuts?

From July 1 2024, the 37 per cent marginal tax rate was to be abolished for those earning more than \$120,000 a year, and the 32.5 per cent tax rate was to be reduced to 30 per cent for people earning between \$45,000 and \$200,000. This would have meant that there would be a single 30% tax bracket for everyone earning between \$45,000 and \$200,000. For earnings above \$200,000, the current 45% tax rate would be retained.

What are the proposed changes?

The Prime Minister, Anthony Albanese, has unveiled the new Stage 3 tax cuts in a speech to the National Press Club this afternoon. Key features include:

- A cut in the 19% tax rate to 16%, saving \$804 for those on taxable incomes of \$45,000
- A cut in the 32.5% rate to 30% for incomes between \$45,000 and \$135,000
- Retaining the 37 per cent rate but increasing the threshold for it to apply to \$135,000.
- Retaining the current 45% tax rate but increasing the threshold to \$190,000 (\$10,000 less than in the original design)

The effect of the redesigned package is that those on higher incomes (say, \$200,000) will now only benefit by \$4,546 as opposed to \$9,075.

New tax table, from July 1st 2024, with proposed and revised (on 25 January 2024) Stage 3 tax cuts

Bracket	Income Range	Marginal Tax Rate	Tax Payable
1	\$0-\$18,200	0%	Nil
2	\$18,201-\$45,000	16%	16% of excess over \$18,201
3	\$45,001-\$135,000	30%	\$4,288 + 30% of excess over \$45,000
4	\$135,001-\$190,000	37%	\$31,288 + 37% of excess over \$135,000
5	\$190,001+	45%	\$51,638 + 45% of excess over \$190,000



To provide a more tangible understanding, we've created a table illustrating the changes in tax cuts for various income brackets. Take a moment to explore how these changes might impact your financial situation:

New tax table, from 1st July 2024 with proposed and revised (on 25 January 2024) Stage 3 tax cuts			
Taxable Income	Tax cut under original stage 3	Tax cut under revised stage 3	Difference
\$20,000	\$0	\$0	\$0
\$30,000	\$0	\$354	\$354
\$40,000	\$0	\$654	\$654
\$50,000	\$125	\$929	\$804
\$60,000	\$375	\$1,179	\$804
\$70,000	\$625	\$1,429	\$804
\$80,000	\$875	\$1,679	\$804
\$90,000	\$1,125	\$1,929	\$804
\$100,000	\$1,375	\$2,179	\$804
\$120,000	\$1,875	\$2,679	\$804
\$140,000	\$3,275	\$3,729	\$454
\$160,000	\$4,675	\$3,729	-\$946
\$180,000	\$6,075	\$3,729	-\$2,346
\$200,000	\$9,075	\$4,529	-\$4,546
\$250,000	\$9,075	\$4,529	-\$4,546

What Does This Mean for You? As an individual taxpayer, you can gauge the potential impact on your finances by referring to the table above. For more personalised advice or to discuss your unique circumstances, our team is here to assist you. Feel free to reach out with any questions or concerns. It's important to note that these changes are contingent on parliamentary approval, and we commit to keeping you informed of any updates.