

**Senate Economics Legislation Committee**  
ANSWERS TO QUESTIONS ON NOTICE

**Treasury Portfolio**

Budget Estimates

2017 - 2018

**Division/Agency:** Australian Taxation Office

**Question No:** 136

**Topic:** Marginal Tax Rates

**Reference:** Written

**Senator:** Pratt, Louise

**Question:**

1. 1. Can the ATO provide an update on the latest available figures for the number of taxpayers for these \$1000 increments, for financial years 2012-13, 2013-14, 2014-15, 2016-17, 2017-18:
  - \$35,001 to \$36,000
  - \$36,001 to \$37,000
  - \$37,001 to \$38,000
  - \$38,001 to \$39,000
  - \$78,001 to \$79,000
  - \$79,001 to \$80,000
  - \$80,001 to \$81,000
  - \$81,001 to \$82,000
  - \$178,001 to \$179,000
  - \$179,001 to \$180,000
  - \$180,001 to \$181,000
  - \$181,001 to \$182,000
2. Has the ATO done any research into why there is such a spike in the \$1000 increments just below a change in each marginal tax rate?
3. Does the ATO look more carefully/audit more extensively people who manage to reduce their taxable income to the \$1000 increment just below the change in the marginal tax rate?

**Answer:**

Taxable Income Range (\$)	2012–2013	2013–2014	2014–2015	2015–2016*
35,001 to 36,000	158,905	158,307	158,399	149,770
36,001 to 37,000	176,896	177,469	180,751	170,817
37,001 to 38,000	165,475	166,949	169,241	160,555
38,001 to 39,000	157,704	158,209	160,890	151,900
78,001 to 79,000	69,104	71,245	74,947	73,672
79,001 to 80,000	85,868	87,111	91,406	88,721
80,001 to 81,000	68,593	71,303	74,578	73,582
81,001 to 82,000	61,823	63,971	66,490	67,197
178,001 to 179,000	6,459	7,383	8,557	8,407
179,001 to 180,000	10,721	11,779	14,460	14,377
180,001 to 181,000	6,975	7,427	8,365	8,236
181,001 to 182,000	5,158	5,734	6,473	6,345
<b>Total (all individuals)</b>	<b>12,776,065</b>	<b>12,964,285</b>	<b>13,213,814</b>	<b>12,779,521</b>

	<p>*Note: 2015-2016 data is still incomplete and should be considered with respect to the total population figure.</p> <p>It is too soon to provide any data for the 2016-2017 and 2017-2018 income years.</p>
2.	<p>There are legitimate reasons for taxpayers “spiking” under the tax thresholds. The ATO undertook analysis of this in the past and found that taxpayers “spiking” just below thresholds at \$37,000, \$80,000 and \$180,000 have a higher incidence of distributions from trusts. “Spiking” at the effective tax free threshold had a higher incidence of partnership or sole trader income.</p>
3.	<p>The ATO closely scrutinises all tax returns to identify omitted income and over-claimed expenses, offsets and credits and has a range of risk detection mechanisms in place to identify and deal with the highest risk individuals. There is not a specific program focusing on taxpayers whose taxable income is in the \$1,000 increment below a change in the marginal tax rate.</p>