

House of Representatives Economics Committee

Inquiry into Tax Deductibility

ANSWERS TO QUESTIONS ON NOTICE

Australian Taxation Office

March 2017

Department/Agency: ATO

Question: Hansard pg 11

Topic: Workplace deductions curve

Question:

Mr KEOGH: With these workplace expense deductions, does the proportion of income of claims stay stagnant or does it vary over an income curve? I am just going to put a hypothesis and you tell me if I am completely wrong. Those on very low incomes will only claim next to nothing in this category. Then it starts to jump and stays reasonably stagnant and then it spikes and levels off. What does the graph look like as a proportion of income for the claims? I know there is that average of \$2,000 for self-claimants, \$2,500 through an agent but as the proportion—not the dollar value—of the income that the person has got, what does that look like?

Mr Kendrick: We would have to clarify but, from memory, it is in the vicinity of 3½ per cent to four per cent over time.

Mr KEOGH: Is that a straight line 3½ per cent? Or once you get someone who earns over \$1,000 jump does it jump up to six per cent?

Mr Kendrick: We would have to get back to you on that. We can take that on notice.

Mr KEOGH: If you could give us a graph or a table that breaks down blocks of income brackets—

CHAIR: I think there were some.

Mr Kendrick: At a high level, I think it was around 3 ½ per cent over time and it has been quite stagnant. But I could not tell you. We could take that on notice.

Answer:

As the taxable income of individuals increases, the relative proportion of work related expenses to taxable income decreases. The table below demonstrates this.

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Proportion of Work Related Expenses to Taxable Income by Ranges of Taxable Income

Lower Range taxable income	Upper Range taxable income	Income Year		
		2013	2014	2015
\$1	\$10,000	11.1%	11.3%	12.2%
\$10,001	\$20,000	6.1%	6.2%	6.6%
\$20,001	\$30,000	5.4%	5.5%	5.8%
\$30,001	\$40,000	4.6%	4.7%	5.0%
\$40,001	\$50,000	4.3%	4.4%	4.6%
\$50,001	\$60,000	4.2%	4.3%	4.4%
\$60,001	\$70,000	4.0%	4.1%	4.3%
\$70,001	\$80,000	3.8%	3.9%	3.9%
\$80,001	\$90,000	3.7%	3.7%	3.8%
\$90,001	\$100,000	3.5%	3.6%	3.7%
\$100,001	\$110,000	3.3%	3.4%	3.5%
\$110,001	\$120,000	3.1%	3.2%	3.3%
\$120,001	\$130,000	2.9%	3.0%	3.1%
\$130,001	\$140,000	2.8%	2.8%	2.9%
\$140,001	\$150,000	2.7%	2.7%	2.7%
\$150,001	\$160,000	2.5%	2.6%	2.6%
\$160,001	\$170,000	2.4%	2.5%	2.4%
\$170,001	\$180,000	2.2%	2.2%	2.2%
\$180,001	\$190,000	2.2%	2.3%	2.3%
\$190,001	\$200,000	2.2%	2.3%	2.3%
\$200,001	\$210,000	2.1%	2.2%	2.3%
\$210,001	\$220,000	2.1%	2.2%	2.1%
\$220,001	\$230,000	2.0%	2.1%	2.1%
\$230,001	\$240,000	2.0%	2.0%	2.0%
\$250,000	and over	1.3%	1.3%	1.3%
All Income Ranges		3.6%	3.7%	3.8%

This only includes individuals who lodged a tax return and claimed a work related expense in the relevant income year.