Good evening, Please find below and attached information requested during the ATO's appearance at Estimates today.

## Request for data

In response to the line of questioning from Senator McAllister at Senate Estimates on 16 February, please find attached data relating to age and gender impacts of the Low and Middle Income Tax Offset (LMITO) and the Stage $1 \& 2$ tax cuts.

Please note the data provided to the Treasurer's office in this regard is distinct from fortnightly high-level year-to-date views of low and middle income tax offset processing and a comparison to the previous year.

The ATO extracted the data from its existing databases, confidentialised and aggregated it, and calculated some averages. We did not perform any analysis or otherwise manipulate the data. The data sources and methodology are set out below.

Note that we are still processing 2020-21 returns, so data for that year is not complete, but the average figures for each cohort in the 2020-21 data are unlikely to change significantly.

## Data sources

The data was extracted from our tax databases:

- Individual Income tax return data was sourced from the following:
- The Taxation Statistics stable versions of our individual income tax return data for 2018-19 (based on latest return lodged by 31 October 2020),
- the Taxation Statistics stable versions of our individual income tax return data for 2019-20 (based on latest return lodged by 31 October 2021),
- Our individual income tax return data for 2020-21 (based on latest return lodged by 19 January 2022).
- The age and gender of the individuals for all years was sourced from the following:
- The ATO's ALife database. Taxation Statistics uses the same approach as it is a high quality source of birth dates and gender for individuals.
- For all years, taxpayers that did not identify a gender were included as Male within the aggregated statistics, to assist with confidentialising the data.


## Methodology

The low and middle income tax offset (LMITO) data was sourced from the label in our systems
that identified how much of the offset was used, as LMITO is a non-refundable offset (in that it is limited by tax payable)

The stage 1 and stage 2 tax cut estimates were derived on the following basis:

1. For all years, based on taxable income or loss reported on the returns calculate a gross tax (excluding Medicare levy) estimate base on the tax scales for residents that applied prior to the stage 1 and 2 tax cuts in 2017-18.

## 2017-18

| Resident tax rates for 2017-18 |  |
| :--- | :--- |
| Taxable income | Tax on this income |
| $0-\$ 18,200$ | Nil |
| $\$ 18,201-\$ 37,000$ | $19 c$ for each $\$ 1$ over $\$ 18,200$ |
| $\$ 37,001-\$ 87,000$ | $\$ 3,572$ plus $32.5 c$ for each $\$ 1$ over $\$ 37,000$ |
| $\$ 87,001-\$ 180,000$ | $\$ 19,822$ plus 37 c for each $\$ 1$ over $\$ 87,000$ |
| $\$ 180,001$ and over | $\$ 54,232$ plus $45 c$ for each $\$ 1$ over $\$ 180,000$ |

2. For 2018-19 returns, based on taxable income or loss reported on the returns calculate a gross tax (excluding Medicare levy) estimate base on the tax scales for residents that applied for stage 1 in 2018-19.

## 2018-19

| Resident tax rates for $2018-19$ |  |
| :--- | :--- |
| Taxable income | Tax on this income |
| $0-\$ 18,200$ | Nil |
| $\$ 18,201-\$ 37,000$ | $19 c$ for each $\$ 1$ over $\$ 18,200$ |
| $\$ 37,001-\$ 90,000$ | $\$ 3,572$ plus 32.5 c for each $\$ 1$ over $\$ 37,000$ |


| $\$ 90,001-\$ 180,000$ | $\$ 20,797$ plus 37c for each \$1 over \$90,000 |
| :--- | :--- |
| $\$ 180,001$ and over | $\$ 54,097$ plus 45c for each \$1 over \$180,000 |

Source: Individual income tax rates for prior years | Australian Taxation Office (ato.gov.au)
3. For 2019-20 returns, based on taxable income or loss reported on the returns calculate a gross tax (excluding Medicare levy) estimate base on the tax scales for residents that applied for stage 1 in 2019-20.

2019-20

| Resident tax rates for 2019-20 |  |
| :--- | :--- |
| Taxable income | Tax on this income |
| $0-\$ 18,200$ | Nil |
| $\$ 18,201-\$ 37,000$ | $19 c$ for each $\$ 1$ over $\$ 18,200$ |
| $\$ 37,001-\$ 90,000$ | $\$ 3,572$ plus $32.5 c$ for each $\$ 1$ over $\$ 37,000$ |
| $\$ 90,001-\$ 180,000$ | $\$ 20,797$ plus $37 c$ for each $\$ 1$ over $\$ 90,000$ |
| $\$ 180,001$ and over | $\$ 54,097$ plus $45 c$ for each $\$ 1$ over $\$ 180,000$ |

Source: Individual income tax rates for prior years | Australian Taxation Office (ato.gov.au)
4. For 2020-21 returns, based on taxable income or loss reported on the returns calculate a gross tax (excluding Medicare levy) estimate base on the tax scales for residents that applied for stage 1 and stage 2 in 2020-21.

## Resident tax rates 2020-21

| Resident tax rates 2020-21 |  |
| :--- | :--- |
| Taxable income | Tax on this income |
| $0-\$ 18,200$ | Nil |
|  |  |


| $\$ 18,201-\$ 45,000$ | 19 cents for each \$1 over \$18,200 |
| :--- | :--- |
| $\$ 45,001-\$ 120,000$ | $\$ 5,092$ plus 32.5 cents for each $\$ 1$ over <br> $\$ 45,000$ |
| $\$ 120,001-$ <br> $\$ 180,000$ | $\$ 29,467$ plus 37 cents for each $\$ 1$ over <br> $\$ 120,000$ |
| $\$ 180,001$ and over | $\$ 51,667$ plus 45 cents for each $\$ 1$ over <br> $\$ 180,000$ |

Source: Individual income tax rates | Australian Taxation Office (ato.gov.au)
5. For each year, the respective stage 1 and stage 2 gross tax calculation estimate was compared to the one based on rates applicable for 2017-18 to capture the difference where it is greater than $\$ 0$.
6. The estimated gross tax reduction calculated in Step 5 was added with the LMITO figure calculated above (see before Step 1), to estimate the total benefit for each year.
7. Aggregated data for LMITO (see before Step 1), gross tax reduction (Step 5) and these two figures combined (Step 6) were extracted - as was tax on taxable income calculated during processing; and taxable income or loss by Gender and Age range (using similar ranges to those in Taxation Statistics)
8. The data provided in the attachment for LMITO, Stage 1 and Stage 2 Estimated tax cuts and Combined was summarised on a number (rounded to the nearest 5), \$m (rounded to the nearest $\$ 2.5 \mathrm{~m}$ ) and average basis (calculated using the rounded data at the cohort level) and only for taxpayers with Net tax $>0$ for the following views:
a. Gender,
b. Age range,
c. Gender and age range
9. For each year the combined figure as a proportion of taxable income and tax on taxable income (rounded to the nearest $0.025 \%$ ) was calculated.
10. When evaluating the impact over the three years, the average figures for each cohort were combined.

## Hayden Breen

## Director

Public Affairs \| ATO Corporate
Australian Taxation Office

## Taxation statistics

## Selected items for Individuals, by gender, age range and taxable income range, 2018-19 to 2020-21 income years

 Notes:* 

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The symbol 'na' used in this publication means not applicable or not available. Totals may not equal the sum of components due to rounding.
In order to meet privacy regulations, some items may not be included, or data for some groups may be aggregated with other groups.

* The statistics for the 2018-19 income year were sourced from 2019 individual income tax returns processed by 31 October 2020 . The statistics are not necessarily complete.
* The statistics for the 2019-20 income year were sourced from 2020 individual income tax returns processed by 31 October 2021 . The statistics are not necessarily complete.
* The statistics for the 2020-21 income year were sourced from 2021 individual income tax returns processed by 19 January 2022 . The statistics are not complete.
 information reported on the individual income tax return form.
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