

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

2017 - 2018

Division/Agency: Individuals and Indirect Tax Division

Question No: 226

Topic: Dramatic Tax Cuts

Reference: Written

Senator: Roberts, Malcolm

Question:

Will Australia follow the lead of the USA and UK with dramatic tax cuts to business and household rates?

Answer:

Future tax policy settings are a matter for the Government.

Under the Enterprise Tax Plan, the Government intends to reduce the company tax rate to 25 per cent for all companies by 2026-27. The first tranche of these tax cuts, phasing in the 25 per cent tax rate by 2026-27 for entities with annual turnover up to \$50 million, received royal assent on 19 May 2017.

In the 2016-17 Budget, the Government provided a tax cut to around 3.1 million taxpayers by extending the third income tax bracket from \$80,000 to \$87,000. As a result, around 500,000 taxpayers faced a marginal tax rate of 32.5 per cent instead of 37 per cent in 2016-17.