

**Senate Economics Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
**Treasury Portfolio**  
Budget Estimates  
2017 - 2018

**Division/Agency:** Individuals and Indirect Tax Division  
**Question No:** 229  
**Topic:** Marginal tax rates  
**Reference:** Written  
**Senator:** Ketter, Chris

**Question:**

Given the effect of marginal tax rates and the tax-free threshold, under current Government policy for the top tax earners (that is a marginal tax rate of 49 per cent – 45 per cent top marginal tax rate plus 2 per cent Medicare levy plus 2 per cent budget repair levy) at what income level would someone be working ‘one day for the Government’ and ‘one day for yourself’?

**Answer:**

Australia has a progressive personal income tax system. A tax is progressive if the ratio of tax to income rises when moving up the income scale. For the 2016-17 income year, Australia’s top marginal tax rate, applying to income earners over \$180,000 per year, was effectively 49 per cent (this included the 45 per cent statutory personal income tax rate, two per cent Medicare levy and two per cent Temporary Budget Repair Levy).