

APPENDIX VIII

TAX MEASURES CONTAINED IN THE REFORM PACKAGE

Table 1: Income tax scale¹

Current scale*		New scale	
Taxable income	Tax rate (%)	Taxable Income	Tax rate (%)
0-5,400	0	0-6,000	0
5,401-20,700	20	6,001-20,000	17
20,701-38,000	34	20,001-50,000	30
38,001-50,000	43		
50,001+	47	50,001-75,000	40
		75,001+	47

* In addition, the \$150 low-income rebate applies to both the current and new scales.

Table 2 : Comparison of Disposable Incomes

	<i>Current Tax Position (\$)</i>	<i>New Tax Position (\$)</i>
Gross Income	6100	6100
Less Tax-free Threshold	5400	6000
Taxable Income	700	100
Tax	700 @20% = 140	100@17% = 17
Disposable Income	6100 - 140 = 5960	6100 - 17 = 6083

¹ ANTS, Table 1.2, p.47.

Example 1: The GST tax rate

Supplies of goods and services in Australia will have the 10% GST added to their tax exclusive sales price. The tax component of any purchase can be calculated by multiplying the tax inclusive sale price by the **tax fraction** ($1/11^{\text{th}}$).

For example:

	Tax exclusive price of car	\$20,000
	GST	2,000
	Tax inclusive sale price	\$22,000
i.e.	GST component = $1/10^{\text{th}}$ of tax exclusive price. OR	
	GST component = $1/11^{\text{th}}$ of tax inclusive price.	

Example 2: GST on Sales

Total Sales	\$110,000 (including GST)	
GST on Sales		\$10,000
Total Purchases	\$ 11,000 (including GST)	
Input Taxes		<u>\$ 1,000</u>
GST Payable		<u>\$ 9,000</u>

Table 3 : Reform of Excise Duties

	From 1 July 2000	From 1 Jan 2001	From 1 July 2001
Reduced	Gambling tax, Petroleum and Diesel		
Abolished	Wholesale Sales Tax, Bed Tax	Financial Institutions Duty, Debits Tax	Stamp duty on Marketable securities credit arrangements, instalment purchase arrangements, rental hire arrangements, leases, mortgages, bonds, debentures, loan securities, cheques, bills of exchange and promissory notes and conveyancing duties on business property.
Replaced	Diesel Fuel Rebate		
Introduced or Increased	Wine Equalisation Tax, Excise on beer with less than 10% alcohol content, Excise on beverages other than wine with more than 10% alcohol content.		

Table 4 : Tax on Luxury Cars

	Current	10% GST
<u>NON-LUXURY CARS</u>		
Tax Exclusive Retail price	30,000	30,000
Wholesale Sales Tax (45%)	5,132	
Tax Inclusive Retail Price	35,132	30,000
<u>LUXURY CARS</u>		
Tax Exclusive Retail Price	80,000	80,000
Wholesale Sales Tax (45%)	19,481	
GST & Retail Sales Tax(Luxury car Tax)	_____	<u>15,000</u>
	<u>99,481</u>	<u>95,000</u>

Table 5: Family Tax Initiative will be increased in July 2000²

Family type	Increase in assistance (\$/yr)	
	From July 2000	Including increase
Single-income family		
one child under 5 years	490	1,190
2 children, one under 5 years	630	1,530
2 children, aged 5 years or more	280*	680*
3 children, one under 5 years	770	1,870
3 children, aged 5 years or more	420*	1,020*
Dual-income family		
one child	140	340
two children	280	680
three children	420	1,020

* Single income families with a youngest child aged 5-16 years receive an extra \$61 a year from other elements of the families package.

Figure 1 Proposed new structure of assistance for families

2 ANTS, Table 1.4, p.51.

Table 6: Features of Family Tax Benefits

Family Tax Benefits	What its consist of
Part A	<ul style="list-style-type: none"> • Consolidates four forms of family assistance; • Additional financial support offered through increased FTI; • Relaxation of the income test for Family Allowance with the abolition of the assets test that currently applies to this Allowance; • Replacement of the ‘sudden death’ income tests for minimum Family Allowance, Family Tax Payment and Family Tax Assistance.
Part B	<ul style="list-style-type: none"> • Consolidates the six forms of assistance currently available to single income families, including sole parents. This benefit will have a higher level of assistance where the youngest child is aged less than 5 years; • For couples, the benefit will introduce a single income test on the non-working partner’s income with a free area of \$1,616 and a 30 per cent taper. This benefit also proposes to abolish the FTA/FTP income test on the working partner, or sole parent’s income.