



Treasury Laws Amendment (Personal Income Tax Plan) Act 2018

No. 47, 2018

**An Act to amend the law relating to taxation, and
for related purposes**

Note: An electronic version of this Act is available on the Federal Register of Legislation
(<https://www.legislation.gov.au/>)

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Treasury Laws Amendment (Personal Income Tax Plan) Act 2018

No. 47, 2018

An Act to amend the law relating to taxation, and for related purposes

[Assented to 21 June 2018]

The Parliament of Australia enacts:

1 Short title

This Act is the *Treasury Laws Amendment (Personal Income Tax Plan) Act 2018*.

2 Commencement

- (1) Each provision of this Act specified in column 1 of the table commences, or is taken to have commenced, in accordance with column 2 of the table. Any other statement in column 2 has effect according to its terms.

| Commencement information | | |
|---|--|---------------------|
| Column 1 | Column 2 | Column 3 |
| Provisions | Commencement | Date/Details |
| 1. Sections 1 to 3 and anything in this Act not elsewhere covered by this table | The day this Act receives the Royal Assent. | 21 June 2018 |
| 2. Schedule 1, Parts 1 and 2 | The first 1 January, 1 April, 1 July or 1 October to occur after the day this Act receives the Royal Assent. | 1 July 2018 |
| 3. Schedule 1, Part 3 | 1 July 2024. | 1 July 2024 |
| 4. Schedule 2, Parts 1 and 2 | The first 1 January, 1 April, 1 July or 1 October to occur after the day this Act receives the Royal Assent. | 1 July 2018 |
| 5. Schedule 2, Part 3, Division 1 | 1 July 2024. | 1 July 2024 |
| 6. Schedule 2, Part 3, Division 2 | 1 July 2026. | 1 July 2026 |

Note: This table relates only to the provisions of this Act as originally enacted. It will not be amended to deal with any later amendments of this Act.

- (2) Any information in column 3 of the table is not part of this Act. Information may be inserted in this column, or information in it may be edited, in any published version of this Act.

3 Schedules

Legislation that is specified in a Schedule to this Act is amended or repealed as set out in the applicable items in the Schedule

concerned, and any other item in a Schedule to this Act has effect according to its terms.

Note: The provisions of the *Income Tax Assessment (1936 Act) Regulation 2015* amended or inserted by this Act, and any other provisions of that Regulation, may be amended or repealed by regulations made under section 266 of the *Income Tax Assessment Act 1936* (see subsection 13(5) of the *Legislation Act 2003*).

Schedule 1—Low and Middle Income tax offset and Low Income tax offset

Part 1—Main amendments

Income Tax Assessment Act 1997

1 After Subdivision 61-A

Insert:

Subdivision 61-D—Low and Middle Income tax offset and Low Income tax offset

Guide to Subdivision 61-D

61-100 What this Subdivision is about

You may be entitled to a tax offset if you:

- (a) are a lower-income earner; or
- (b) are the trustee of a trust who is liable to be assessed in respect of a share of the trust's net income to which a beneficiary is presently entitled.

Table of sections

Operative provisions

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| 61-105 | Entitlement to the Low and Middle Income tax offset |
| 61-107 | Amount of the Low and Middle Income tax offset |
| 61-110 | Entitlement to the Low Income tax offset |
| 61-115 | Amount of the Low Income tax offset |

Operative provisions

61-105 Entitlement to the Low and Middle Income tax offset

- (1) You are entitled to a *tax offset for the 2018-19, 2019-20, 2020-21 or 2021-22 income year if:

- (a) you are an individual who is an Australian resident at any time during the income year; and
 - (b) your taxable income for the income year does not exceed \$125,333.
- (2) You are entitled to a *tax offset for the 2018-19, 2019-20, 2020-21 or 2021-22 income year if:
- (a) for the income year, you are a trustee who is liable to be assessed under section 98 of the *Income Tax Assessment Act 1936* in respect of a share of the *net income of a trust; and
 - (b) the beneficiary who is presently entitled to that share is an individual who is an Australian resident at any time during the income year; and
 - (c) that share does not exceed \$125,333.
- (3) If you are entitled to a *tax offset under subsection (2), you are entitled to a separate tax offset for each beneficiary who is presently entitled to a share for which subsection (2) is satisfied.

Note: This section will be repealed on 1 July 2024 by the *Treasury Laws Amendment (Personal Income Tax Plan) Act 2018*.

61-107 Amount of the Low and Middle Income tax offset

General rule

- (1) The amount of your *tax offset is set out in the following table in respect of the following income (your **relevant income**):
- (a) if you are an individual—your taxable income for the income year;
 - (b) if you are a trustee—the amount of the share of *net income referred to in subsection 61-105(2).

| Amount of your tax offset | | |
|----------------------------------|--|---|
| Item | If your relevant income: | The amount of your tax offset is: |
| 1 | does not exceed \$37,000 | \$200 |
| 2 | exceeds \$37,000 but is not more than \$48,000 | \$200, plus an amount equal to 3% of the excess |
| 3 | exceeds \$48,000 but is not more than \$90,000 | \$530 |

Schedule 1 Low and Middle Income tax offset and Low Income tax offset
Part 1 Main amendments

| Amount of your tax offset | | |
|----------------------------------|---|---|
| Item | If your relevant income: | The amount of your tax offset is: |
| 4 | exceeds \$90,000 but is not more than \$125,333 | \$530, less an amount equal to 1.5% of the excess |

Note: This section will be repealed on 1 July 2024 by the *Treasury Laws Amendment (Personal Income Tax Plan) Act 2018*.

If you are less than 18 years of age

- (2) Despite subsection (1), the amount of your *tax offset for the income year cannot exceed a cap if:
- (a) you are an individual who is a prescribed person in relation to the income year for the purposes of Division 6AA of Part III of the *Income Tax Assessment Act 1936*; and
 - (b) part (the **excluded part**) of your basic income tax liability for the income year is attributable to your eligible taxable income (within the meaning of section 102AD of that Act).

The cap is an amount equal to the remaining part of your basic income tax liability for the income year.

Note: Division 6AA (including section 102AD) is about income that particular kinds of children derive from particular sources.

- (3) When working out the remaining part of your basic income tax liability, if you are also entitled to a *tax offset under section 160AAA of the *Income Tax Assessment Act 1936*, treat that tax offset as having been applied, to the extent possible, against the excluded part of your basic income tax liability.

Note: That tax offset is for individuals eligible for certain benefits.

If you are a trustee and the beneficiary is less than 18 years of age

- (4) Despite subsection (1), the amount of your *tax offset for the income year cannot exceed a cap if:
- (a) you are a trustee; and
 - (b) the beneficiary who is presently entitled to the share of *net income to which the tax offset relates is a prescribed person in relation to the income year for the purposes of Division 6AA of Part III of the *Income Tax Assessment Act 1936*; and

- (c) part of your basic income tax liability for the income year is attributable to the portion of that share to which that Division applies.

The cap is an amount equal to the part of your basic income tax liability attributable to the remaining portion of that share.

Note 1: Division 6AA is about income that particular kinds of children derive from particular sources.

Note 2: To work out the portion of that share to which Division 6AA applies, see section 102AG of the *Income Tax Assessment Act 1936*.

61-110 Entitlement to the Low Income tax offset

- (1) You are entitled to a *tax offset for the 2022-23 income year or a later income year if:
- (a) you are an individual who is an Australian resident at any time during the income year; and
 - (b) your taxable income for the income year does not exceed \$66,667.
- (2) You are entitled to a *tax offset for the 2022-23 income year or a later income year if:
- (a) for the income year, you are a trustee who is liable to be assessed under section 98 of the *Income Tax Assessment Act 1936* in respect of a share of the *net income of a trust; and
 - (b) the beneficiary who is presently entitled to that share is an individual who is an Australian resident at any time during the income year; and
 - (c) that share does not exceed \$66,667.
- (3) If you are entitled to a *tax offset under subsection (2), you are entitled to a separate tax offset for each beneficiary who is presently entitled to a share for which subsection (2) is satisfied.

61-115 Amount of the Low Income tax offset

General rule

- (1) The amount of your *tax offset is set out in the following table in respect of the following income (your **relevant income**):
- (a) if you are an individual—your taxable income for the income year;

Schedule 1 Low and Middle Income tax offset and Low Income tax offset
Part 1 Main amendments

(b) if you are a trustee—the amount of the share of *net income referred to in subsection 61-110(2).

| Amount of your tax offset | | |
|----------------------------------|--|---|
| Item | If your relevant income: | The amount of your tax offset is: |
| 1 | does not exceed \$37,000 | \$645 |
| 2 | exceeds \$37,000 but is not more than \$41,000 | \$645, less an amount equal to 6.5% of the excess |
| 3 | exceeds \$41,000 but is not more than \$66,667 | \$385, less an amount equal to 1.5% of the excess |

If you are less than 18 years of age

- (2) Despite subsection (1), the amount of your *tax offset for the income year cannot exceed a cap if:
- (a) you are an individual who is a prescribed person in relation to the income year for the purposes of Division 6AA of Part III of the *Income Tax Assessment Act 1936*; and
 - (b) part (the **excluded part**) of your basic income tax liability for the income year is attributable to your eligible taxable income (within the meaning of section 102AD of that Act).

The cap is an amount equal to the remaining part of your basic income tax liability for the income year.

Note: Division 6AA (including section 102AD) is about income that particular kinds of children derive from particular sources.

- (3) When working out the remaining part of your basic income tax liability, if you are also entitled to a *tax offset under section 160AAA of the *Income Tax Assessment Act 1936*, treat that tax offset as having been applied, to the extent possible, against the excluded part of your basic income tax liability.

Note: That tax offset is for individuals eligible for certain benefits.

If you are a trustee and the beneficiary is less than 18 years of age

- (4) Despite subsection (1), the amount of your *tax offset for the income year cannot exceed a cap if:
- (a) you are a trustee; and
 - (b) the beneficiary who is presently entitled to the share of *net income to which the tax offset relates is a prescribed person

in relation to the income year for the purposes of
Division 6AA of Part III of the *Income Tax Assessment Act*
1936; and

- (c) part of your basic income tax liability for the income year is
attributable to the portion of that share to which that Division
applies.

The cap is an amount equal to the part of your basic income tax
liability attributable to the remaining portion of that share.

Note 1: Division 6AA is about income that particular kinds of children derive
from particular sources.

Note 2: To work out the portion of that share to which Division 6AA applies,
see section 102AG of the *Income Tax Assessment Act 1936*.

Part 2—Related amendments

Income Tax Assessment (1936 Act) Regulation 2015

2 Section 4 (definition of 159N rebate maximum amount)

Repeal the definition, substitute:

159N rebate maximum amount means \$445.

3 Section 4 (definition of 159N rebate reduction rate)

Repeal the definition, substitute:

159N rebate reduction rate means 0.015.

4 Section 4 (definition of 159N rebate reduction threshold)

Repeal the definition, substitute:

159N rebate reduction threshold means \$37,000.

Income Tax Assessment Act 1936

5 After subsection 159N(2)

Insert:

(2A) Subsection (1) does not apply for the 2022-23 year of income or a later year of income.

Note: This section will be repealed on 1 July 2024 by the *Treasury Laws Amendment (Personal Income Tax Plan) Act 2018*.

Income Tax Assessment Act 1997

6 Section 13-1 (table item headed “low income earner”)

Omit:

general..... 159N

substitute:

general..... Subdivision 61-D

tax offset for 2021-22 income year and earlier income

years 159N

7 At the end of subsection 63-10(1)

Add:

Note 7: Item 17 of the table will be repealed on 1 July 2024 by the *Treasury Laws Amendment (Personal Income Tax Plan) Act 2018*.

Taxation Administration Act 1953

8 Section 45-340 in Schedule 1 (method statement, step 1, before paragraph (a))

Insert:

| |
|--|
| (aa) section 61-110 of the <i>Income Tax Assessment Act 1997</i> (the Low Income tax offset); or |
|--|

9 Section 45-375 in Schedule 1 (method statement, step 1, before paragraph (a))

Insert:

| |
|--|
| (aa) section 61-110 of the <i>Income Tax Assessment Act 1997</i> (the Low Income tax offset); or |
|--|

Part 3—Amendments on 1 July 2024

Division 1—Repeals etc.

Income Tax Assessment Act 1936

10 Section 159N

Repeal the section.

Income Tax Assessment Act 1997

11 Section 13-1 (table item headed “low income earner”)

Omit:

tax offset for 2021-22 income year and earlier income
years 159N

12 Subdivision 61-D (heading)

Repeal the heading, substitute:

Subdivision 61-D—Low Income tax offset

13 Sections 61-105 and 61-107

Repeal the sections.

14 Subsection 63-10(1) (table item 17)

Repeal the item.

15 Subsection 63-10(1) (notes 6 and 7)

Repeal the notes.

Taxation Administration Act 1953

16 Section 45-340 in Schedule 1 (method statement, step 1, paragraph (f))

Repeal the paragraph.

17 Section 45-375 in Schedule 1 (method statement, step 1, paragraph (e))

Repeal the paragraph.

18 Old law continues for relevant income years

Despite the repeals and amendments by this Division, the provisions repealed or amended by this Division continue to apply, in relation to assessments for the 2021-22 income year or an earlier income year, as if those repeals and amendments had not happened.

Division 2—Other amendments

Income Tax Assessment Act 1997

19 Subsections 61-110(1) and (2)

Omit “the 2022-23 income year or a later income year”, substitute “an income year”.

20 Application of amendments

The amendments made by this Division apply in relation to assessments for the 2022-23 income year or a later income year.

Schedule 2—Personal income tax reform

Part 1—Main amendments

Income Tax Rates Act 1986

1 Paragraph 1(b) of Part I of Schedule 7

Repeal the paragraph, substitute:

- (b) for each part of the ordinary taxable income specified in the table applicable to the year of income—the rate applicable under that table.

2 Clause 1 of Part I of Schedule 7 (table)

Repeal the table, substitute:

Tax rates for resident taxpayers for the 2018-19, 2019-20, 2020-21 or 2021-22 year of income

| Item | For the part of the ordinary taxable income of the taxpayer that: | The rate is: |
|------|---|--------------|
| 1 | exceeds the tax-free threshold but does not exceed \$37,000 | 19% |
| 2 | exceeds \$37,000 but does not exceed \$90,000 | 32.5% |
| 3 | exceeds \$90,000 but does not exceed \$180,000 | 37% |
| 4 | exceeds \$180,000 | 45% |

Note: The above table will be repealed on 1 July 2024 by the *Treasury Laws Amendment (Personal Income Tax Plan) Act 2018*.

Tax rates for resident taxpayers for the 2022-23 or 2023-24 year of income

| Item | For the part of the ordinary taxable income of the taxpayer that: | The rate is: |
|------|---|--------------|
| 1 | exceeds the tax-free threshold but does not exceed \$41,000 | 19% |
| 2 | exceeds \$41,000 but does not exceed | 32.5% |

Tax rates for resident taxpayers for the 2022-23 or 2023-24 year of income

| Item | For the part of the ordinary taxable income of the taxpayer that: | The rate is: |
|-------------|--|---------------------|
| | \$120,000 | |
| 3 | exceeds \$120,000 but does not exceed \$180,000 | 37% |
| 4 | exceeds \$180,000 | 45% |

Note: The above table will be repealed on 1 July 2026 by the *Treasury Laws Amendment (Personal Income Tax Plan) Act 2018*.

Tax rates for resident taxpayers for the 2024-25 year of income or a later year of income

| Item | For the part of the ordinary taxable income of the taxpayer that: | The rate is: |
|-------------|--|---------------------|
| 1 | exceeds the tax-free threshold but does not exceed \$41,000 | 19% |
| 2 | exceeds \$41,000 but does not exceed \$200,000 | 32.5% |
| 3 | exceeds \$200,000 | 45% |

3 Paragraph 4(a) of Part I of Schedule 7

After “the table in clause 1”, insert “that is applicable to the year of income”.

4 Paragraph 1(b) of Part II of Schedule 7

Repeal the paragraph, substitute:

- (b) for each part of the ordinary taxable income specified in the table applicable to the year of income—the rate applicable under that table.

5 Clause 1 of Part II of Schedule 7 (table)

Repeal the table, substitute:

Schedule 2 Personal income tax reform

Part 1 Main amendments

Tax rates for non-resident taxpayers for the 2018-19, 2019-20, 2020-21 or 2021-22 year of income

| Item | For the part of the ordinary taxable income of the taxpayer that: | The rate is: |
|------|---|---------------------------------------|
| 1 | does not exceed \$90,000 | The second resident personal tax rate |
| 2 | exceeds \$90,000 but does not exceed \$180,000 | 37% |
| 3 | exceeds \$180,000 | 45% |

Note: The above table will be repealed on 1 July 2024 by the *Treasury Laws Amendment (Personal Income Tax Plan) Act 2018*.

Tax rates for non-resident taxpayers for the 2022-23 or 2023-24 year of income

| Item | For the part of the ordinary taxable income of the taxpayer that: | The rate is: |
|------|---|---------------------------------------|
| 1 | does not exceed \$120,000 | The second resident personal tax rate |
| 2 | exceeds \$120,000 but does not exceed \$180,000 | 37% |
| 3 | exceeds \$180,000 | 45% |

Note: The above table will be repealed on 1 July 2026 by the *Treasury Laws Amendment (Personal Income Tax Plan) Act 2018*.

Tax rates for non-resident taxpayers for the 2024-25 year of income or a later year of income

| Item | For the part of the ordinary taxable income of the taxpayer that: | The rate is: |
|------|---|---------------------------------------|
| 1 | does not exceed \$200,000 | The second resident personal tax rate |
| 2 | exceeds \$200,000 | 45% |

6 Paragraph 4(a) of Part II of Schedule 7

After “the table in clause 1”, insert “applicable to the year of income”.

7 Clause 4 of Part II of Schedule 7 (example)

Repeal the example.

8 Clause 1 of Part III of Schedule 7

Omit “following table”, substitute “table that is applicable to the year of income”.

9 Clause 1 of Part III of Schedule 7 (table)

Repeal the table, substitute:

Tax rates for working holiday makers for the 2018-19, 2019-20, 2020-21 or 2021-22 year of income

| Item | For the part of the taxpayer’s working holiday taxable income that: | The rate is: |
|-------------|--|---------------------|
| 1 | does not exceed \$37,000 | 15% |
| 2 | exceeds \$37,000 but does not exceed \$90,000 | 32.5% |
| 3 | exceeds \$90,000 but does not exceed \$180,000 | 37% |
| 4 | exceeds \$180,000 | 45% |

Note: The above table will be repealed on 1 July 2024 by the *Treasury Laws Amendment (Personal Income Tax Plan) Act 2018*.

Tax rates for working holiday makers for the 2022-23 or 2023-24 year of income

| Item | For the part of the taxpayer’s working holiday taxable income that: | The rate is: |
|-------------|--|---------------------|
| 1 | does not exceed \$41,000 | 15% |
| 2 | exceeds \$41,000 but does not exceed \$120,000 | 32.5% |
| 3 | exceeds \$120,000 but does not exceed \$180,000 | 37% |
| 4 | exceeds \$180,000 | 45% |

Note: The above table will be repealed on 1 July 2026 by the *Treasury Laws Amendment (Personal Income Tax Plan) Act 2018*.

Schedule 2 Personal income tax reform

Part 1 Main amendments

Tax rates for working holiday makers for the 2024-25 year of income or a later year of income

| Item | For the part of the taxpayer's working holiday taxable income that: | The rate is: |
|-------------|--|---------------------|
| 1 | does not exceed \$41,000 | 15% |
| 2 | exceeds \$41,000 but does not exceed \$200,000 | 32.5% |
| 3 | exceeds \$200,000 | 45% |

Part 2—Related amendments

Income Tax Rates Act 1986

10 Subsection 3(1) (definition of *second resident personal tax rate*)

Repeal the definition, substitute:

second resident personal tax rate means the rate mentioned in item 2 of the table in clause 1 of Part I of Schedule 7 that is applicable to the year of income.

11 Subsections 20(1) and (2)

After “table”, insert “applicable to the year of income”.

12 Paragraphs 28(b), 28A(b) and 29(2)(a)

After “table”, insert “applicable to the year of income”.

13 Part IV

Repeal the Part.

14 Repealed law continues for relevant years of income

Despite the repeal of Part IV of the *Income Tax Rates Act 1986* by this Part, that Part continues to apply, in relation to assessments for a temporary budget repair levy year, as if that repeal had not happened.

Note: The temporary budget repair levy years are the years of income corresponding to the 2014-15, 2015-16 and 2016-17 financial years (see former section 32 of the *Income Tax Rates Act 1986*).

15 Subparagraph 2(b)(ii) of Division 2 of Part I of Schedule 8

Repeal the subparagraph, substitute:

- (ii) the words “exceeds the tax-free threshold but” were omitted from item 1 of the table applicable to the year of income in Part I of Schedule 7.

16 Paragraph 2(b) of Part I of Schedule 10

Repeal the paragraph, substitute:

Schedule 2 Personal income tax reform
Part 2 Related amendments

- (b) the words “exceeds the tax-free threshold but” were omitted from item 1 of the table applicable to the year of income in Part I of Schedule 7.

Income Tax (Transitional Provisions) Act 1997

17 Subsection 4-11(2) (note)

Repeal the note.

Part 3—Later repeals

Division 1—Repeals on 1 July 2024

Income Tax Rates Act 1986

18 Clause 1 of Part I of Schedule 7 (table dealing with tax rates for resident taxpayers for the 2018-19, 2019-20, 2020-21 or 2021-22 year of income)

Repeal the table, including the note.

19 Clause 1 of Part II of Schedule 7 (table dealing with tax rates for non-resident taxpayers for the 2018-19, 2019-20, 2020-21 or 2021-22 year of income)

Repeal the table, including the note.

20 Clause 1 of Part III of Schedule 7 (table dealing with tax rates for working holiday makers for the 2018-19, 2019-20, 2020-21 or 2021-22 year of income)

Repeal the table, including the note.

21 Repealed law continues for relevant years of income

Despite the repeal of a table by this Division, that table continues to apply, in relation to assessments for a year of income mentioned in the table's heading, as if that repeal had not happened.

Division 2—Repeals on 1 July 2026

Income Tax Rates Act 1986

22 Clause 1 of Part I of Schedule 7 (table dealing with tax rates for resident taxpayers for the 2022-23 or 2023-24 year of income)

Repeal the table, including the note.

23 Clause 1 of Part II of Schedule 7 (table dealing with tax rates for non-resident taxpayers for the 2022-23 or 2023-24 year of income)

Repeal the table, including the note.

24 Clause 1 of Part III of Schedule 7 (table dealing with tax rates for working holiday makers for the 2022-23 or 2023-24 year of income)

Repeal the table, including the note.

25 Repealed law continues for relevant years of income

Despite the repeal of a table by this Division, that table continues to apply, in relation to assessments for a year of income mentioned in the table's heading, as if that repeal had not happened.

*[Minister's second reading speech made in—
House of Representatives on 9 May 2018
Senate on 18 June 2018]*

(87/18)
