

# Rates of Tax – 2013/14

## Resident Individuals

The following rates apply to individuals who are residents of Australia for tax purposes for the entire income year.

Taxable Income <sup>1</sup> \$	Tax Payable <sup>2,3</sup>
0 – 18,200	Nil
18,201 – 37,000	19% of excess over \$18,200
37,001 – 80,000	\$3,572 + 32.5% of excess over \$37,000
80,001 – 180,000	\$17,547 + 37% of excess over \$80,000
180,001+	\$54,547 + 45% of excess over \$180,000

- 1 The tax-free threshold may effectively be higher for taxpayers eligible for the low-income tax offset, the Senior and Pensioner Tax Offset and/or certain other tax offsets.
- 2 The above rates do not include the Medicare Levy of 1.5% (to increase to 2% from 1 July 2014).
- 3 As part of the 2014/15 Federal Budget, the government announced that it proposes to introduce a 'Temporary Budget Repair Levy' effective from 1 July 2014. Under the proposed budget measure, a 3-year temporary levy of 2% will be imposed on that part of a person's taxable income which exceeds \$180,000 (i.e., a temporary increase in the top marginal tax rate from 45% to 47%). At the time of writing, a package of Bills to give legislative effect to the proposed measure had been passed by both Houses of Parliament and are awaiting assent.

## Resident Minors – Unearned (Division 6AA) Income

The following rates apply to the income of certain minors (e.g., persons under 18 years of age on the last day of the income year who are not classed as being in a full-time occupation) that is not excepted income (e.g., employment income):

Division 6AA Income \$	Tax Payable <sup>1,2,3</sup>
0 – 416	Nil
417 – 1,307	66% of excess over \$416
1,308+	45% of the entire amount

- 1 Medicare Levy may also be payable.
- 2 Resident minors are not entitled to the low-income tax offset in respect of 'unearned income.'
- 3 As part of the 2014/15 Federal Budget, the government announced that it proposes to introduce a 'Temporary Budget Repair Levy' effective from 1 July 2014. Under the proposed budget measure, a 3-year temporary levy of 2% will be imposed on that part of a person's taxable income which exceeds \$180,000 (i.e., a temporary increase in the top marginal tax rate from 45% to 47%). At the time of writing, a package of Bills to give legislative effect to the proposed measure had been passed by both Houses of Parliament and are awaiting assent.

## Non-resident Individuals

The following rates apply to individuals who are not residents of Australia for tax purposes for the entire income year:

Taxable Income \$	Tax Payable <sup>1,2</sup>
0 – 80,000	32.5% of the entire amount
80,001 – 180,000	\$26,000 + 37% of excess over \$80,000
180,001+	\$63,000 + 45% of excess over \$180,000

- 1 Medicare Levy is not payable by non-residents.
- 2 As part of the 2014/15 Federal Budget, the government announced that it proposes to introduce a 'Temporary Budget Repair Levy' effective from 1 July 2014. Under the proposed budget measure, a 3-year temporary levy of 2% will be imposed on that part of a person's taxable income which exceeds \$180,000 (i.e., a temporary increase in the top marginal tax rate from 45% to 47%). At the time of writing, a package of Bills to give legislative effect to the proposed measure had been passed by both Houses of Parliament and are awaiting assent.

## Non-resident Minors – Unearned (Division 6AA) Income

The following rates apply to the income of certain non-resident minors (e.g., persons under 18 years of age on the last day of the income year who are not classed as being in a full-time occupation) that is not excepted income (e.g., employment income).

Division 6AA Income \$	Tax Payable <sup>1</sup>
0 – 416	32.5% of the entire amount
417 – 663	\$135.20 + 66% of excess over \$416
664+	45% of the entire amount

<sup>1</sup> The Medicare Levy is not payable by non-residents.

## Pro-Rated Tax-Free Threshold – Non-residents

The tax-free threshold that applies to residents (\$18,200 per annum in 2013/14) is pro-rated in an income year in which a taxpayer either ceased to be, or became, a resident for tax purposes. For the 2013/14 income year the pro-rated threshold will be calculated using the following formula:

$$\$13,464 + (\$4,736 \times \text{number of months taxpayer was resident for the year} \div 12)$$

## Genuine Redundancy Payments

The tax-free amount of a genuine redundancy payment in 2013/14 is \$9,246 plus \$4,624 for each completed year of service.

## S.99 Assessment – Resident Deceased Estate

The following rates apply where a trustee is assessed under S.99 ITAA 1936 in respect of a resident deceased estate. Where the date of death is less than 3 years before the end of the income year, the trustee is assessed as a resident individual.

Taxable Income \$	Rate <sup>1</sup> %
<b>Less than 3 years since death</b>	
0 – 18,200	Nil
18,201 – 37,000	19% of excess over \$18,200
37,001 – 80,000	\$3,572 + 32.5% of excess over \$37,000
80,001 – 180,000	\$17,547 + 37% of excess over \$80,000
180,001+	\$54,547 + 45% of excess over \$180,000
<b>3 years or more since death</b>	
0 – 416	Nil
417 – 670	50% of excess over \$416
671 – 37,000	\$127.30 + 19% of excess over \$670
37,001 – 80,000	\$7,030 + 32.5% of excess over \$37,000
80,001 – 180,000	\$21,005 + 37% of excess over \$80,000
180,001+	\$58,005 + 45% of excess over \$180,000

<sup>1</sup> Medicare Levy does not apply to S.99 assessments of deceased estate trustees.

<sup>2</sup> As part of the 2014/15 Federal Budget, the government announced that it proposes to introduce a 'Temporary Budget Repair Levy' effective from 1 July 2014. Under the proposed budget measure, a 3-year temporary levy of 2% will be imposed on that part of a person's taxable income which exceeds \$180,000 (i.e., a temporary increase in the top marginal tax rate from 45% to 47%). At the time of writing, a package of Bills to give legislative effect to the proposed measure had been passed by both Houses of Parliament and are awaiting assent.

## S.99A Assessment – No Beneficiary Presently Entitled

The following rate applies where there is no beneficiary entitled to the net income of a resident trust:

<b>Taxable Income</b> \$	<b>Rate<sup>1</sup></b> %
1+	45% of the entire amount

- 1 Medicare Levy is not included but does apply (except in relation to deceased estates).
- 2 As part of the 2014/15 Federal Budget, the government announced that it proposes to introduce a 'Temporary Budget Repair Levy' effective from 1 July 2014. Under the proposed budget measure, a 3-year temporary levy of 2% will be imposed on that part of a person's taxable income which exceeds \$180,000 (i.e., a temporary increase in the top marginal tax rate from 45% to 47%). At the time of writing, a package of Bills to give legislative effect to the proposed measure had been passed by both Houses of Parliament and are awaiting assent.

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## Medicare Levy – 2013/14

### General Rate

<b>Taxpayer</b>	<b>Rate<sup>1</sup></b> %
Individual (resident)	1.5% of taxable income

- 1 From 1 July 2014, the Medicare Levy will increase to 2%.

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### Low-income Thresholds – Individuals

The 2013/14 Medicare Levy low-income thresholds for individuals are as follows:

<b>Single Taxpayer</b>	<b>Threshold Amount<sup>1</sup></b> \$	<b>Phase-in Limit<sup>2</sup></b> \$	<b>1.5% at or Above<sup>3</sup></b> \$
Not eligible for Seniors and Pensioners Tax Offset	20,542	20,543 – 24,167	24,168
Eligible for Seniors and Pensioners Tax Offset	32,279	32,280 – 37,975	37,976

- 1 No Medicare Levy is payable on taxable income levels at or below the Threshold Amount.
  - 2 Where taxable income falls within the Phase-in Limit, Medicare Levy is payable at 10% of the excess over the Threshold Amount.
  - 3 The Medicare Levy of 1.5% (to increase to 2% from 1 July 2014) applies to the entire amount of taxable income.
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## Family Thresholds – 2013/14

A taxpayer may be eligible to pay no (or reduced) Medicare Levy if their family income is within the thresholds set out below, and the taxpayer;

- ◆ has a spouse (married or de facto) on the last day of the income year;
- ◆ has not remarried after their spouse died during the income year; or
- ◆ is eligible for the notionally retained sole parent rebate, the housekeeper or the child-housekeeper rebates (or would be entitled if they did not qualify for the Family Tax Benefit Part B);

The 2013/14 Medicare Levy thresholds for families are as follows:

No. of Dependent Children/Students \$	Family Income Threshold <sup>1</sup> \$	Reduced Levy <sup>2</sup> \$	1.5% at or above <sup>3</sup> \$
<b>Taxpayer Not eligible for Seniors and Pensioners Tax Offset</b>			
0	34,367	34,368 – 40,431	40,432
1	37,523	37,524 – 44,144	44,145
2	40,679	40,680 – 47,857	47,858
3	43,835	43,836 – 51,570	51,571
4	46,991	46,992 – 55,283	55,284
5	50,147	50,148 – 58,996	58,997
6	53,303	53,304 – 62,709	62,710
Extra child	3,156		3,713
<b>Taxpayer Eligible for Seniors and Pensioners Tax Offset</b>			
0	46,000	46,001 – 54,117	54,118
1	49,156	49,157 – 57,830	57,831
2	52,312	52,313 – 61,543	61,544
3	55,468	55,469 – 65,256	65,257
4	58,624	58,625 – 68,969	68,970
5	61,780	61,781 – 72,682	72,683
6	64,936	64,937 – 76,395	76,396
Extra child	3,156		3,713

1 Family Income is the combined taxable income of a taxpayer and their spouse. If the taxpayer does not have a spouse, Family Income is the taxpayer's taxable income only. No Medicare Levy is payable on taxable income levels at or below the Family Income Threshold.

2 There is no 'phase-in limit' stated for families as there is with individuals since the figures change with the number of dependants. However, where family income exceeds the threshold, the levy payable is shaded-in, with the general effect that the levy payable cannot exceed 10% of the excess of the family income over the family income threshold. The 'reduction formula' used varies depending on the circumstances of the family in question.

Further note that, if a taxpayer's family income is above the threshold but the taxpayer's taxable income is below the individual threshold, special rules apply so that they are entitled to a reduction.

3 The levy payable by the relevant taxpayer is 1.5% (to increase to 2% from 1 July 2014) of their entire taxable income.

## Medicare Levy Surcharge – 2013/14

The Medicare levy surcharge ('MLS') may apply in respect of a resident taxpayer where the taxpayer, their spouse and/or dependent children (if any) do not have the appropriate level of private patient hospital cover (subject to certain exceptions for 'prescribed persons') and the applicable 'income test' threshold is exceeded.

**From 1 July 2012**, the rate at which the MLS is applied is determined under a tiered income system whereby a taxpayer's level of 'income for surcharge purposes' (on a spouse inclusive basis, where relevant) is classified as either 'Base Tier', 'Tier 1', 'Tier 2' or 'Tier 3'.

### Income tier thresholds

The following table sets out the income thresholds and MLS rates that apply in respect of:

- Taxpayers who were single for the whole income year; and
- Taxpayers who were either 'married' (including de facto same, or opposite sex partners) and/or had at least one 'dependent child' (children) for the whole income year.

The MLS only applies in respect of periods in which private patient hospital cover was not held for the taxpayer, their spouse and dependants (if relevant).

	Base Tier \$	Tier 1 \$	Tier 2 \$	Tier 3 \$
Singles	88,000 or less	88,001 – 102,000	102,001 – 136,000	136,001+
<b>Families and Couples<sup>1,2</sup></b>				
0 dependants	176,000 or less	176,001 – 204,000	204,001 – 272,000	272,001+
1 dependant	176,000 or less	176,001 – 204,000	204,001 – 272,000	272,001+
2 dependants	177,500 or less	177,501 – 205,500	205,501 – 273,500	273,501+
3 dependants	179,000 or less	179,001 – 207,000	207,001 – 275,000	275,001+
4 dependants	180,500 or less	180,501 – 208,500	208,501 – 276,500	276,501+
5 dependants	182,000 or less	182,001 – 210,000	210,001 – 278,000	278,001+
Each extra child	1,500	1,500	1,500	1,500
<b>Medicare levy surcharge rate<sup>3</sup></b>				
Rate	0.0%	1.0%	1.25%	1.5%

1 For a couple, their combined income for surcharge purposes is generally applied against the family surcharge threshold (but levied against each of the taxpayer's own taxable income and reportable fringe benefits). However, if the income for surcharge purposes of one of the couple does not exceed the Medicare levy low income threshold of \$20,542, that member is not liable for the MLS.

2 A taxpayer's child is a 'dependant' child for these purposes where the child is a resident, aged less than 21 years (or between 21 years and less than 25 years and receiving full-time education at a school, college or university) and the taxpayer contributed to the maintenance of the child.

3 If the MLS applies, it is levied on the taxpayer's taxable income, reportable fringe benefits and on any amounts on which family trust distribution tax has been paid.

Note that, where a taxpayer's circumstances change during the income year, for example, if the taxpayer marries, or ceases to be married, during the income year, the MLS is calculated separately for each of these periods (based broadly on the rules set out above).

## HELP Repayment Thresholds – 2013/14

The Higher Education Loan Programme ('HELP') offers Commonwealth loans to eligible students to assist them with paying their higher education fees and to study overseas. A HELP debt is repaid through the taxation system, based on a taxpayer's 'HELP repayment income'. HELP repayment income is the sum of the taxpayer's:

- taxable income;
- total net investment loss;
- reportable fringe benefits;
- exempt foreign employment income; and
- reportable superannuation contributions.

### HELP Repayment Thresholds (including accumulated HECS debt)

Rate of Repayment %	HELP Repayment Income \$
Nil	0 – \$51,308
4	\$51,309 – \$57,153
4.5	\$57,154 – \$62,997
5	\$62,998 – \$66,308
5.5	\$66,309 – \$71,277
6	\$71,278 – \$77,194
6.5	\$77,195 – \$81,256
7	\$81,257 – \$89,421
7.5	\$89,422 – \$95,287
8	\$95,288+

## Company Rates of Tax – 2013/14

### General Company Tax Rate

Description of Taxpayer	Rate %
Private companies (except life insurance companies RSAs, FHSAs + PDFs)	30
Public companies (except life insurance companies RSAs, FHSAs + PDFs)	30
Corporate Unit Trusts	30
Corporate Limited Partnerships	30
Public Trading Trusts	30
Strata Title Bodies Corporate	30

### Non-profit Company Tax Rates

Taxable Income \$	Rate %
0 – 416	Nil
417 – 915	55% of excess over \$416
916+	30% of the entire amount