

Rates of Tax – 2014/15

Resident Individuals

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

Taxable Income¹ \$	Tax Payable^{2,3}
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 + 47% ⁴ of excess over \$180,000

- 1 The tax-free threshold may effectively be higher for taxpayers eligible for the low-income tax offset, the Seniors and Pensioners Tax Offset and/or certain other tax offsets.
- 2 The above rates do not include the Medicare Levy (2% from 1 July 2014, previously 1.5%).
- 3 As part of the 2015/16 Federal Budget, the government announced that, with effect from 1 July 2015, individual taxpayers with business income from an unincorporated business that has an aggregate annual turnover of less than \$2 million will be eligible for a small business tax discount. The discount will be 5% of the income tax payable on the business income received from an unincorporated small business entity. The discount will be capped at \$1,000 per individual for each income year and will be delivered as a tax offset.
- 4 This rate includes the 2% 'Temporary Budget Repair Levy' which applies from 1 July 2014 until 30 June 2017 on that part of a person's taxable income that exceeds \$180,000.

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^{1,2}
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 + 47% ³ of excess over \$180,000

- 1 Medicare Levy is not payable by non-residents.
- 2 As part of the 2015/16 Federal Budget, the government announced that, with effect from 1 July 2015, individual taxpayers with business income from an unincorporated business that has an aggregate annual turnover of less than \$2 million will be eligible for a small business tax discount. The discount will be 5% of the income tax payable on the business income received from an unincorporated small business entity. The discount will be capped at \$1,000 per individual for each income year and will be delivered as a tax offset. At the time of writing, no information was available regarding if and how this proposal applies to non-resident individuals.
- 3 This rate includes the 2% 'Temporary Budget Repair Levy' which applies from 1 July 2014 until 30 June 2017 on that part of a person's taxable income that exceeds \$180,000.

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^{1,2,3}
0 – 416	Nil
417 – 1,307	68% of excess over \$416
1,308+	47% of the entire amount

- 1 The 2% Medicare levy is not included but may apply.
- 2 Resident minors are not entitled to the low-income tax offset in respect of 'unearned' income.
- 3 The effect of the 2% 'Temporary Budget Repair Levy' which applies from 1 July 2014 until 30 June 2017 has been included in the above table.

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

The following rates apply to the income of certain non-resident minors (e.g., non-resident 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 ^{1,2}
0 – 416	34.5% of the entire amount
417 – 663	\$143.52 + 68% of excess over \$416
664+	47% of the entire amount

1 The Medicare Levy is not payable by non-residents.

2 The effect of the 2% 'Temporary Budget Repair Levy' which applies from 1 July 2014 until 30 June 2017 has been included in the above table.

Pro-Rated Tax-Free Threshold – Non-residents

The tax-free threshold that applies to residents (\$18,200 per annum in 2013/14 and 2014/15) is effectively pro-rated in an income year in which a taxpayer either ceased to be, or became, a resident for tax purposes. For the 2014/15 income years 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 2014/15 is \$9,514 plus \$4,758 for each completed year of service.

S.99 Assessment – Resident Deceased Estate

The following rates apply where a trustee is assessed under S.99 of the 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 ¹ %
Less than 3 years since death	
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 + 47% ² of excess over \$180,000
3 years or more since death	
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 + 47% ² of excess over \$180,000

1 Medicare Levy does not apply to S.99 assessments of deceased estate trustees.

2 This rate includes the 2% 'Temporary Budget Repair Levy' which applies from 1 July 2014 until 30 June 2017 to the extent taxable income exceeds \$180,000.

S.99A Assessment – No Beneficiary Presently Entitled

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

Taxable Income \$	Rate^{1,2} %
1+	47% of the entire amount

1 Medicare Levy is not included but does apply (except in relation to deceased estates).

2 Note that from 1 July 2014 until 30 June 2017, the rate includes the 2% 'Temporary Budget Repair Levy'.

Medicare Levy – 2014/15

General Rate

Taxpayer	Rate %
2015	2% of taxable income

Low-income Thresholds – Individuals

The 2014/15 Medicare Levy low-income thresholds for individuals are as follows:

Single Taxpayer	Threshold Amount¹ \$	Phase-in Limit² \$	2% at or Above³ \$
Not eligible for Seniors and Pensioners Tax Offset	20,896	20,897 – 26,120	26,121
Eligible for Seniors and Pensioners Tax Offset	33,044	33,045 – 41,305	41,306

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, the Medicare Levy is payable at 10% of the excess over the Threshold Amount.

3 The Medicare Levy of 2% (increased from 1.5%) applies to the entire amount of taxable income.

Family Thresholds – 2014/15

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

- ◆ has a spouse (including de facto and same-sex) 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 2014/15 Medicare Levy thresholds for families are as follows:

No. of Dependent Children/Students \$	Family Income Threshold ¹ \$	Reduced Levy ² \$	2% at or above ³ \$
Taxpayer Not eligible for Seniors and Pensioners Tax Offset			
0	35,261	35,262 – 44,076	44,077
1	38,499	38,500 – 48,123	48,124
2	41,737	41,738 – 52,171	52,172
3	44,975	44,976 – 56,218	56,219
4	48,213	48,214 – 60,266	60,267
5	51,451	51,452 – 64,313	64,314
6	54,689	54,690 – 68,361	68,362
Extra child	3,238		4,048
Taxpayer Eligible for Seniors and Pensioners Tax Offset			
0	46,000	46,001 – 57,500	57,501
1	49,238	49,239 – 61,547	61,548
2	52,476	52,477 – 65,595	65,596
3	55,714	55,715 – 69,642	69,643
4	58,952	58,953 – 73,690	73,691
5	62,190	62,191 – 77,737	77,738
6	65,428	65,429 – 81,785	81,786
Extra child	3,238		4,048

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 2% (increased from 1.5%) of their entire taxable income.

Medicare Levy Surcharge – 2014/15

The Medicare levy surcharge ('MLS') may apply in respect of a resident taxpayer where the taxpayer, their spouse and/or dependent children (if any) did 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 '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).

Medicare Levy Surcharge Thresholds – 2014/15

	Base Tier \$	Tier 1 \$	Tier 2 \$	Tier 3 \$
Singles ¹	90,000 or less	90,001 – 105,000	105,001 – 140,000	140,001+
Families and Couples^{1,2,3}				
0 dependants	180,000 or less	180,001 – 210,000	210,001 – 280,000	280,001+
1 dependant	180,000 or less	180,001 – 210,000	210,001 – 280,000	280,001+
2 dependants	181,500 or less	181,501 – 211,500	211,501 – 281,500	281,501+
3 dependants	183,000 or less	183,001 – 213,000	213,001 – 283,000	283,001+
4 dependants	184,500 or less	184,501 – 214,500	214,501 – 284,500	284,501+
5 dependants	186,000 or less	186,001 – 216,000	216,001 – 286,000	286,001+
Each extra child	1,500	1,500	1,500	1,500
Medicare levy surcharge rate⁴				
Rate	0.0%	1.0%	1.25%	1.5%

1 Based on the law applying at the time of writing, the MLS income thresholds will remain at 2015 rates for the next three years.

2 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, reportable fringe benefits and on any amounts on which family trust distribution tax has been paid). However, if the income for surcharge purposes of one of the couple does not exceed the applicable Medicare levy low income threshold that member is not liable for the MLS.

3 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.

4 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 – 2014/15

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 Income Thresholds and Rates

Rate of Repayment %	HELP Repayment Income \$
Nil	0 – \$53,344
4	\$53,345 – \$59,421
4.5	\$59,422 – \$65,497
5	\$65,498 – \$68,939
5.5	\$68,940 – \$74,105
6	\$74,106 – \$80,257
6.5	\$80,258 – \$84,481
7	\$84,482 – \$92,970
7.5	\$92,971 – \$99,069
8	\$99,070+

Note that, as part of the 2015/16 Federal Budget, the government announced that it will extend the HELP repayment framework to debtors residing overseas for six months or more if their worldwide income exceeds the minimum repayment threshold. This measure is proposed to apply from 1 July 2017.

Company Rates of Tax – 2014/15

General Company Tax Rate¹

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

¹ As part of the 2015/16 Federal Budget, the government announced that, with effect from the 2016 income year, it will deliver a tax cut to small businesses by reducing the company tax rate to 28.5% (i.e., a reduction of 1.5%) for companies with aggregated annual turnover of less than \$2 million.

Non-profit Company Tax Rates

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