

## Changes to personal income taxes

On 5<sup>th</sup> July 2019 the changes to individual tax rates had received Royal Assent as Act No.52 of 2019. The 2019 Act gives effect to three-stages of personal tax cuts which was announced in the 2019-20 Federal Budget.

### The 2019 amendments (enacted 5 July 2019)

	Stage 1				Stage 2		Stage 3	
	To 30 June 2018		From 1 July 2018		From 1 July 2022		From 1 July 2024	
	Income threshold	Tax rate	Income threshold	Tax rate	Income threshold	Tax rate	Income threshold	Tax rate
<b>1<sup>st</sup> rate</b>	\$18,200	19%	\$18,200	19%	\$18,200	19%	\$18,200	19%
<b>2<sup>nd</sup> rate</b>	\$37,000	32.5%	\$37,000	32.5%	<b>\$45,000</b>	32.5%	<b>\$45,000</b>	<b>30%</b>
<b>3<sup>rd</sup> rate</b>	\$87,000	37%	<b>\$90,000</b>	37%	<b>\$120,000</b>	37%	<b>\$200,000</b>	45%
<b>4<sup>th</sup> rate</b>	\$180,000	45%	\$180,000	45%	\$180,000	45%		
<b>LITO</b>	Up to \$445		Up to \$445		Up to <b>\$700</b>		Up to <b>\$700</b>	
<b>LMITO*</b> 4 years only			<b>\$255</b> ( $\leq$ \$37,000) <b>Up to \$1,080</b> ( $\leq$ \$90,000) Phases out by \$126,000					

\* Phasing out rules apply

Stage 1: Introduced a new low and middle income tax offset (LMITO) for the 2018/19 to 2021/22 income year. The low and middle income tax offset is separate to the current low income tax offset (LIMO). This LMITO is only valid for 4 years only.

Taxable Income (TI) band	LMITO
Nil - \$37,000	\$255
\$37,001 - \$48,000	\$255 + [(TI - \$37,000) x 7.5%]
\$48,001 - \$90,000	\$1,080
\$90,001 - \$125,999	\$1,080 - [(TI - \$90,000) x 3%]
\$126,000 plus	NIL

Stage 2: From 1<sup>st</sup> July 2022, the Government will be raising the upper income threshold of the 19% tax bracket from \$37,000 to \$45,000. It will also combine the new LMITO with the current existing LIMO into a new LITO.

Taxable Income (TI) band	LITO (2022/23 onwards)
Nil - \$37,000	\$700
\$37,001 - \$45,000	\$700, less 5% of the income that exceeds \$37,000
\$45,001 - \$66,667	\$300, less an amount equal to 1.5% of the income that exceeds \$45,000

Stage 3: From 1<sup>st</sup> July 2024, the Government will be reducing the 32.5 % marginal tax rate for those with taxable income between \$45,001 to \$200,000 to 30%