

PERSONAL TAXATION RATES FROM 1 JULY 2005

The 2005/2006 Federal Budget introduced changes to the personal income tax thresholds. The following taxation rates now apply from 1 July 2005.

Residents

These rates apply to individuals who:

- Are residents of Australia for tax purposes for the whole of the financial year and
- Did not leave full-time education for the first time during the financial year

Tax Rates for 2005/2006

Taxable Income	Tax on this income
\$0 - \$6,000	Nil
\$6,001 - \$21,600	15c for each \$1 over \$6,000
\$21,601 - \$63,000	\$2,340 plus 30c for each \$1 over \$21,600
\$63,001 - \$95,000	\$14,760 plus 42c for each \$1 over \$63,000
Over \$95,000	\$28,200 plus 47c for each \$1 over \$95,000

The above rates **do not** include the Medicare Levy of 1.50%.

Medicare Levy

The Medicare Levy is 1.50% of taxable income.

If your income is below certain thresholds you do not pay the Medicare Levy. The thresholds are as follows:

Taxpayer	Threshold
Individuals	\$15,902
Individuals who qualify for Pensioners Tax Offset	\$19,252
Individuals who qualify for Senior Australia Tax Offset	\$21,968
Families with no dependent children or students - Additional threshold for each dependent child or student	\$26,834 \$2,464

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Medicare Levy Surcharge

Individuals and families on higher incomes, who do not have private hospital cover for themselves and all of their dependants (including their spouse), may be liable to pay a Medicare Levy Surcharge for any period during the income year that they did not have this cover. The thresholds are as follows:

Taxpayer	Income Threshold
Single Individual without dependent children	\$50,000
Families with 0 – 1 dependent children - Additional threshold for each additional dependent child	\$100,000 \$1,500

The Medicare Levy Surcharge is 1% of taxable income and is **in addition** to the 1.50% Medicare Levy.

Taxable income for Medicare Levy Surcharge is the total of:

- Taxable income
- Total reportable fringe benefit amounts and
- The net amount on which family trust distribution tax has been paid
Less
- Any post – June 1983 elements of an eligible termination payment where the maximum tax rate is zero.

Maternity Payment

A maternity payment was introduced on 1 July 2004 and will provide \$3,079 to families for each new child born after this date. The rate will increase to \$4,000 for babies born after 1 July 2006 and \$5,000 for babies born after 1 July 2008.

The maternity payment will be paid as a lump sum and will not be income tested.

As a result of these measures, the maternity allowance will be abolished and the baby bonus phased out over the next four years. Claims for the baby bonus can continue to be made in respect of children born prior to 30 June 2004.

Further information regarding tax offsets and the medicare levy is available from The Australian Taxation Office.

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Website: www.ato.gov.au

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