

This guide is the initiative of the **CPA Australia Retirement Savings Centre of Excellence**. Information is current – based on legislation as at 1 July 2017 and Social Security rates as at 20 September 2017.

## TAX RATES

### Resident personal tax rates 1 July 2017–30 June 2018

TAXABLE INCOME \$	MARGINAL RATE	TAX PAYABLE \$
Up to 18,200	Nil	Nil
18,201–37,000	19%	19c for each \$1 over 18,200
37,001–87,000*	32.5%	3,572 plus 32.5c for each \$1 over 37,000
87,001–180,000*	37%	19,822 plus 37c for each \$1 over 87,000
Excess over 180,000	45%	54,232 plus 45c for each \$1 over 180,000

### Tax rate for Minors – unearned income

INCOME	MARGINAL RATE
\$0–\$416	Nil
\$417–\$1,307	66%
Excess over \$1,307	45% on all income
Earned income taxed at (adult) marginal rates.	

### Non-resident personal tax rates 1 July 2017–30 June 2018

TAXABLE INCOME \$	MARGINAL RATE	TAX PAYABLE \$
Up to 87,000	32.5%	32.5c for each \$1 over
87,001–180,000	37%	28,275 plus 37c for each \$1 over 87,000
Excess over \$180,000	45%	62,685 plus 45% for each \$1 over \$180,000

### Temporary Budget Repair levy

- Applied to resident and non-resident individual taxpayers, with a taxable income of more than \$180,000 per year.
- Levy was 2% of each dollar over taxable income of \$180,000.
- Ceased to apply from 1 July 2017.

### Medicare levy

2.0% of taxable income – not applicable to:

- Non-residents.
- Individual taxpayers where taxable income is under the 'threshold amount' – \$21,655 (2016/17).
- Married taxpayers where family income is under the 'family income threshold' – \$45,676 + \$4,195 for each dependent child/student (2016–17).
- Individual taxpayers eligible for SAPTO where taxable income is under \$34,244 (2016/17).
- Married taxpayer eligible for SAPTO where family income is under \$59,587 + \$4,195 for each dependent child/student (2015–16).

Medicare levy shaded in where taxable income is above the threshold limits.

### Medicare levy surcharge

	TAXABLE INCOME (\$) SINGLE	TAXABLE INCOME (\$) FAMILIES*^	SURCHARGE
Tier 1	90,001–105,000	180,001–210,000	1.0%
Tier 2	105,001–140,000	210,001–280,000	1.25%
Tier 3	Over 140,000	Over 280,000	1.5%

\* Threshold increased by \$1,500 per child after the first.  
^ Single parents and couples (including de facto couples) subject to family tiers.

### OTHER TAX RATES

	TAX RATE
Company	30%
Superannuation fund:	
• Complying	15%
• Non-complying	45%
Insurance and Friendly Society Bonds	30%

### TAX OFFSETS

#### Low income tax offset (LITO)

	MAX. REBATE LEVEL \$*	SHADE-OUT THRESHOLD \$	CUT-OUT THRESHOLD \$
Low income earner	445	37,000	66,667

\* Reduced by 1.5c for each \$1 of taxable income over \$37,000. Tax free threshold effectively \$20,542. Not available for minors on unearned income.

#### Senior and Pensioners Tax Offset (SAPTO)

	MAX. REBATE LEVEL \$*	SHADE-OUT THRESHOLD \$	CUT-OUT THRESHOLD \$
Single	2,230	32,279	50,119
Couple (each)	1,602	28,974	41,790
Couple (separated due to illness – each)	2,040	31,279	47,599

\* Rebate reduces by 12.5c for each \$1 of taxable income above the shade-out threshold.

#### Superannuation spouse contribution tax offset

SPOUSE ASSESSABLE INCOME (SAI)	MAX. REBATABLE CONTRIBUTION (MRC) \$	MAX. REBATE \$ (18% OF THE LESSER OF)
0–37,000	3,000	MRC or actual contribution
37,001–39,999	3,000 – (SAI-37,000)	MRC or actual contribution
40,000+	Nil	Nil

\* Includes reportable fringe benefits + reportable employer super contributions.

## FRINGE BENEFITS TAX

### Fringe benefits tax rate

FBT Year ending 31 March	2017	2018
<b>Fringe benefit provided</b>	<b>Gross-up rate</b>	
After 30 June 2000 which have been eligible to an input tax credit under GST regime	2.1463	2.0802
Does not attract an input tax credit	1.9608	1.8868
<b>FBT Rate</b>	<b>49%</b>	<b>47%</b>
FBT Rate is calculated on tax-inclusive value of fringe benefit provided in the year.		

### Statutory Fractions for car benefit valuation

- Flat statutory rate of 20% applies to all car fringe benefits provided from 1 April 2014.
- The statutory percentages for car fringe benefits below apply to pre-existing commitments prior to 7:30 pm AEST on 10 May 2011, or where there is a pre-existing commitment in place to provide the car after this time.

ANNUALISED NO. OF WHOLE KMS	EXISTING CONTRACTS
Less than 15,000	26%
15,000 to 24,999	20%
25,000 to 40,000	11%
More than 40,000	7%

## EMPLOYMENT TERMINATION PAYMENTS

	THRESHOLDS	MAXIMUM TAX RATE*	CAP TO APPLY
<b>Life benefit ETP</b>		0%	
<b>Tax free component</b>			
<b>Life benefit ETP</b>			
<b>Taxable component</b>			
Under preservation age	\$0–\$200,000 <sup>^</sup>	30%	ETP cap
Preservation age or over	\$0–\$200,000	15%	ETP cap
All ages	Balance over ETP cap	45%	ETP cap
Payment is because of:			
<ul style="list-style-type: none"> <li>early retirement scheme</li> <li>genuine redundancy</li> <li>invalidity</li> <li>compensation for personal injury, unfair dismissal, harassment or discrimination.</li> </ul>			
<b>Life benefit ETP</b>			
<b>Taxable component</b>			
Under preservation age	\$0–\$200,000 <sup>^</sup>	30%	Lesser of ETP cap and whole-of-income cap
Preservation age or over	\$0–\$200,000	15%	
All ages	Balance over ETP cap	45%	
Payment is because of:			
<ul style="list-style-type: none"> <li>golden handshake</li> <li>gratuities</li> <li>payment in lieu of notice</li> <li>payment for unused sick leave</li> <li>payment for unused rostered days off.</li> </ul>			

\* Plus Medicare Levy (2%).

<sup>^</sup> Indexed to AWOTE, increase in \$5,000 increments.

Whole-of-income cap for 2012–13 and onwards is \$180,000 (not indexed).

### Death benefit employment termination payments

	THRESHOLDS	MAXIMUM TAX RATE*
<b>Dependent</b>	\$0–\$200,000 <sup>^</sup>	0%
Tax free component	Balance	0%
Taxable component		45%
<b>Non-dependent</b>	\$0–\$200,000 <sup>^</sup>	0%
Tax free component	Balance	30%
Taxable component		45%

\* Plus Medicare Levy (2%).

<sup>^</sup> Indexed to AWOTE, increase in \$5,000 increments.

## OTHER TERMINATION PAYMENTS

### Non ETP lump sum payments

	PERIOD OF ACCRUAL	ASSESSABLE AMOUNT	MAX. TAX RATE*
Unused Long Service Leave	Pre 16/8/78	5%	Marginal rate
	16/5/78–17/8/93	100%	30%
	Post 17/8/93	100%	Marginal rate
Accrued Annual Leave	Pre 18/8/93	100%	30%
Post 17/8/93	100%	Marginal rate	

\* Tax rates excludes Medicare Levy.

### Bona fide redundancy and approved early retirement scheme payments

	PERIOD OF ACCRUAL	ASSESSABLE AMOUNT	MAX. TAX RATE*
Unused Long Service Leave	Pre 16/8/78	5%	Marginal rate
	Post 15/8/93	100%	30%
Accrued Annual Leave	Full Period	100%	30%

Bona fide redundancy Tax-Free Amount: \$9,936 + \$4,969 for each completed year of service.

\* Excludes Medicare Levy.

### Table of life expectancy

AGE	LIFE EXPECTANCY (YRS)		AGE	LIFE EXPECTANCY (YRS)	
	MALE	FEMALE		MALE	FEMALE
55	27.71	31.02	73	13.11	15.38
56	26.83	30.10	74	12.40	14.60
57	25.95	29.19	75	11.72	13.83
58	25.09	28.28	76	11.05	13.08
59	24.22	27.37	77	10.41	12.33
60	23.37	26.47	78	9.78	11.61
61	22.52	25.57	79	9.18	10.90
62	21.68	24.68	80	8.60	10.21
63	20.85	23.80	81	8.04	9.55
64	20.03	22.92	82	7.51	8.90
65	19.22	22.05	83	7.00	8.29
66	18.41	21.18	84	6.52	7.70
67	17.62	20.33	85	6.06	7.14

68	16.84	19.48	86	5.64	6.61
69	16.07	18.64	87	5.24	6.11
70	15.31	17.80	88	4.87	5.65
71	14.56	16.98	89	4.52	5.22
72	13.83	16.18	90	4.21	4.82

\* Payments commenced on or after 1/1/2015. Based on 2010-12 life tables.

## AGE PENSION

### Qualification

DATE OF BIRTH	ELIGIBLE FOR AGE PENSION AT AGE	
	WOMEN	MEN
1 January 1946–30 June 1947	64.5	65
1 July 1947–31 December 1948	64.5	65
1 January 1949–30 June 1952	65	65
1 July 1952–31 December 1953	65.5	65.5
1 January 1954–30 June 1955	66	66
1 July 1955–31 December 1956	66.5	66.5
1 January 1957 or later	67	67

### Pension Rates

	MAX. BENEFIT \$ (PER FORTNIGHT)*	MAX. BENEFIT \$ (PER ANNUM)*
Single	814.00	21,164
Couple (each)	613.60	15,953.60
Couple separated due to illness (each)	814.00	21,164

\* Excludes the Pension Supplement – \$65.90 (singles) and \$49.70 (couples) per fortnight – can elect to receive as a quarterly payment. Also excludes Clean Energy Supplement – \$14.10 (singles) and \$10.60 (couple, each).

### Income Test

	INCOME THRESHOLD* (PER FORTNIGHT)	INCOME CUT-OUT** (PER FORTNIGHT)
Single	Up to \$168	Less than \$1,956.80
Couple (combined)	Up to \$300	Less than \$2,996.80
Couple separated due to illness (combined)	Up to \$300	Less than \$3,877.60

Income includes reportable super contributions and net investment losses. Exempt from income test if permanently blind and receive Age Pension or Disability Support Pension (DSP).

\* Fortnightly pension reduced by 50c (single) or 25c (couple, each) for each dollar over the threshold.

\*\* Payment rates may be higher if also receive Rent Assistance with the pension payment.

#### Work Bonus

- First \$250 of employment income earned each fortnight exempt from the income test.
- Any unused amount earned between \$0 and \$250 is added to the Work Bonus balance, up to \$6,500.
- This can be used to offset any future employment income earned in a single fortnight above \$250.

## ASSETS TEST

HOMEOWNER	LOWER LIMIT*	UPPER LIMIT#
Single	Up to \$253,750	Less than \$552,000
Couple	Up to \$380,500	Less than \$830,000
Couple separated by illness (combined)	Up to \$380,500	Less than \$977,000
One partner eligible	Up to \$380,500	Less than \$830,000
NON-HOMEOWNER	LOWER LIMIT*	UPPER LIMIT#
Single	Up to \$456,750	Less than \$755,000
Couple	Up to \$583,500	Less than \$1,033,000
Couple separated by illness (combined)	Up to \$583,500	Less than \$1,180,000
One partner eligible	Up to \$583,500	Less than \$1,033,000

\* From 1 January 2017, rate of pension reduces by \$3.00 per fortnight for every \$1,000 above lower limit.  
# Limits may increase if you receive Rent Assistance with pension payment.

### Extra allowable amount for retirement village and granny flat residence

EXTRA ALLOWABLE AMOUNT*	\$203,000
* Amount equal to different between the non-homeowner and homeowner assets test limits. If entry contribution is equal to or less than the extra allowable amount at the time of entry, then assessed as a non-homeowner. Entry contribution will count as an asset. May also qualify for Rent Assistance.	

### Deeming Rates

	FINANCIAL INVESTMENT	DEEMING RATE
Single (Pension or allowance)	\$0–\$50,200 Balance	1.75% 3.25%
Couple – combined (Pensioner)	\$0–\$83,400 Balance	1.75% 3.25%
Couple – for each allowee (Neither is Pensioner)	\$0–\$41,700 Balance	1.75% 3.25%

### Pension Loan Scheme

- Loan paid in regular fortnightly instalments.
- Loan amount depends on property value offered as security, equity to retain and age at time loan is granted.
- Compounding interest charged on the balance of the loan and calculated on a fortnightly basis.
- Can receive up to maximum amount of Age Pension including Pharmaceutical Allowance and Rent Assistance each fortnight.

### Pension Bonus Scheme

YEARS IN THE SCHEME	SINGLE MAX. RATE	PARTNERED (EACH) MAX. RATE
1 year	\$2,045.900	\$1,546.10
2 years	\$8,183.50	\$6,184.30
3 years	\$18,412.90	\$13,914.70
4 years	\$32,754.00	\$24,737.20
5 years	\$51,146.80	\$38,651.90

- Closed to new entrants 20 Sept 2009 (unless qualified for Age Pension before this), subject to eligibility tests e.g. work test.
- Paid as a lump sum, dependent upon how much Age Pension entitled to and time in scheme.

## AGE PENSION – TRANSITION RULES

### Pension Rates

	MAX. BENEFIT (PER FORTNIGHT)* \$	MAXIMUM BENEFIT (PER ANNUM)* \$
Single	\$738.30	\$19,195.80
Couple (each)	\$596.40	\$15,506.40

\* Excludes Clean Energy Supplement – \$14.10 (singles) and \$10.60 (couples, each).

### Income Test

	INCOME THRESHOLD* (PER FORTNIGHT)	INCOME CUT-OUT** (PER FORTNIGHT)
Single	Up to \$168	Less than \$2,049.00
Couple (combined)	Up to \$300	Less than \$3,335.00
Couple separated due to illness (combined)	Up to \$300	Less than \$4,062

Allowable income increased by up to \$24.60/dependent child.  
\* Transitional/saved cases, pension reduced by 40c (single) and 20c (couple).  
\*\* Payment rates may be higher if also receive Rent Assistance with the pension payment.

### Assets Test

HOMEOWNER	LOWER LIMIT*	UPPER LIMIT#
Single	Up to \$253,750	Less than \$504,750
Couple	Up to \$380,500	Less than \$785,500
Couple separated by illness (combined)	Up to \$380,500	Less than \$882,500
One partner eligible	Up to \$380,500	Less than \$785,500
NON-HOMEOWNER	LOWER LIMIT*	UPPER LIMIT#
Single	Up to \$456,750	Less than \$707,750
Couple	Up to \$583,500	Less than \$988,500
Couple separated by illness (combined)	Up to \$583,500	Less than \$1,085,500
One partner eligible	Up to \$583,500	Less than \$988,500

\* From 1 January 2017, rate of pension reduces by \$3.00/fortnight for every \$1,000 above lower limit.  
# Limits may increase if you receive Rent Assistance with pension payment.

## SOCIAL SECURITY – FRINGE BENEFITS

### Commonwealth Seniors Health Card

To qualify must:

- have reached pension age but not qualify for the Age Pension (or other certain pensions);
- be an Australian resident living in Australia;
- have an annual adjusted taxable income below the income test threshold, where adjusted taxable income = taxable income + foreign income (where no Australian income tax is paid) + net investment losses + employer provided benefits (in excess of \$1000) + reportable super contributions.

	INCOME TEST*
Single	\$53,799
Couples	\$86,076
Couples separated by illness – combined	\$107,598

\* Limit increased by \$639.60 for each dependent child the individual cares for.

The Commonwealth Seniors Health Care Card also provides access to the Seniors Supplement.

### Liquid Assets Waiting Period

	THRESHOLD (EQUAL OF EXCEEDS)
Single (no children)	\$5,500
Single (with children)	\$11,000
Partnered	\$11,000

\* Liquid Assets Waiting Period applicable if have a certain amount of available assets on the date after left work or study, or on the day claim an income support payment.  
\*\* Applicable to Newstart Allowance, Youth Allowance, Sickness Allowance and Austudy.

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