



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**HOUSE OF REPRESENTATIVES**

**BILLS**

**Treasury Laws Amendment  
(Income Tax Relief) Bill 2016**

**Second Reading**

**SPEECH**

**Thursday, 1 September 2016**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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## SPEECH

**Date** Thursday, 1 September 2016  
**Page** 254  
**Questioner**  
**Speaker** Morrison, Scott, MP

**Source** House  
**Proof** No  
**Responder**  
**Question No.**

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**Mr MORRISON** (Cook—Treasurer) (10:45): I move:

That this bill be now read a second time.

The Turnbull government is committed to reducing taxes for working Australians.

This bill amends the Income Tax Rates Act 1986 to provide a personal income tax cut to hardworking Australians to support them to work, save and invest.

By extending the upper bound of the third income tax bracket, this bill delivers on the government's commitment to bring down personal income taxes for Australians and reduce disincentives to work and take enterprising risks.

This is an important step in the process of modernising our tax system.

As a result of the cuts to income tax contained within this bill, 500,000 Australian taxpayers will be kept out of the 37 per cent tax bracket in 2016-17.

Further, around 3.1 million taxpayers will receive a modest annual tax cut in 2016-17 and beyond.

Australians want a tax system that does not limit opportunity or punish those that are working hard or taking risks in business.

It is crucial that we have a modern tax system that allows people to work more and take more risks without facing the pressure of a growing tax burden that suffocates hard work, innovation and enterprise.

Australians understand that the tax system which this government inherited is outdated, hindering growth and hampering small business.

That is why this government announced in the 2016-17 budget a suite of measures aimed at boosting the economy and making a start on personal income tax relief.

Australians know that our future, our jobs and those of our children depend on how well we continue to grow our economy.

That is why the economic plan laid out in the budget will back in Australians to seize their opportunities.

A strong economy means a mum whose kids are now at school and who wants to work a few more days, or work full time, will have the opportunity to do so without being penalised with such high rates.

A strong economy means that young men and women who have left school and are looking for a job will find an employer who is hiring and happy to give them a start.

Under existing law a marginal tax rate of 32.5 per cent applies to taxable incomes between \$37,001 and \$80,000. Incomes above \$80,001 then have a marginal rate of 37 cents, not including the two per cent Medicare Levy.

This bill will extend the 32.5 per cent marginal tax rate from \$80,000 to \$87,000, from 1 July 2016, benefitting around 3.1 million Australian taxpayers.

Once this bill enacting the personal income tax cuts has been introduced to parliament and the Commissioner of Taxation has confidence that the legislation will pass, he will make the new withholding schedules giving effect to these tax cuts.

The government is committed to delivering personal income tax cuts that are affordable.

As a down payment towards further tax relief for working Australians this bill will particularly assist those earning average full-time ordinary wages in Australia by preventing them from going into the second highest tax bracket of 37 cents in the dollar in 2016-17.

These mum and dad workers, these middle-income Australians, are bearing a growing burden under our tax system. This bill will provide modest but genuine relief, demonstrating the government's commitment to action on reducing that burden.

The bill will reward these hardworking Australians for doing more overtime, picking up more shifts, taking a promotion or getting a second or better job.

This is a step towards the modern tax system that Australians want and need, a system that will encourage Australians to work not punish them for having a go or taking risks.

As the government works to improve Australia's fiscal settings, it will look for opportunities to extend further tax relief to working Australians.

Full details of the measures in this bill are contained in the explanatory memorandum.

Debate adjourned.