

Tax Facts - Income Tax

Income tax is levied on taxable income, which is calculated as assessable income *less* allowable deductions. Gross tax on taxable income is reduced by tax offsets, to arrive at net tax payable or refundable.

Individuals

The Australian Taxation Office (ATO) publishes lists of [assessable income](#), [allowable deductions](#) and [tax offsets](#) for individuals. Sole traders declare business income in their individual income tax return, they are not required to complete a separate return for their business. Tax on individuals is charged at marginal rates. You can use the tax tables to determine how much you are taxed.

Resident tax rates 2014-15

Taxable income	Tax on this income
\$0 - \$18,200	\$0
\$18,201 - \$37,000	19c for each \$1 over \$18,200
\$37,001 - \$80,000	\$3,572 plus 32.5c for each \$1 over \$37,000
\$80,001 - \$180,000	\$17,547 plus 37c for each \$1 over \$80,000
\$180,001 and over	\$54,547 plus 45c for each \$1 over \$180,000

The [temporary budget repair levy](#) adds an additional 2% tax on that part of an individual's income above \$180,000, for the 2014-15, 2015-16 and 2016-17 income years. *Non-resident tax rates 2014-15*

Taxable income	Tax on this income
\$0 - \$80,000	32.5c for each \$1
\$80,001 - \$180,000	\$26,000 plus 37c for each \$1 over \$80,000
\$180,001 and over	\$63,000 plus 45c for each \$1 over \$180,000

The [temporary budget repair levy](#) adds an additional 2% tax on that part of an individual's income above \$180,000, for the 2014-15, 2015-16 and 2016-17 income years.

MORE: See the ATO web site for more information on [Individual Income Tax Rates](#).

Companies

A company is a distinct legal entity with its own income tax liability, and is required to lodge a Company income tax return. The company tax rate is generally 30%. [Special rates](#) apply to certain types of companies, or companies in certain industries.

Partnerships

A partnership carrying on a business must complete a Partnership tax return to show all income earned and deductions claimed for the income year, and how the net income or loss was shared between the partners. The partnership itself is not a taxable entity. Rather, each partner includes a share of the partnership's net income or loss in the partner's taxable income.

Partnerships where the only income is from joint investments (for example, jointly owned shares or rental properties) are not required to lodge a Partnership income tax return. Rather, each partner's share of the joint income is declared in the partner's own tax return.

Trusts

Where a beneficiary (not under a legal disability) is presently entitled to a share of net income of a trust, the trustee is not taxable. Rather, each such beneficiary includes a share of the trust's net income in the beneficiary's taxable income. A trust cannot distribute a net loss to the beneficiaries, the loss is carried forward to offset against net income in later years.

Where a presently entitled beneficiary is under a legal disability (for example, under 18 years of age, a non-resident, or incapable of managing his/her own affairs), the trustee is taxable on the beneficiary's share of the trust's net income. The tax rates correspond to the tax rates that would otherwise be payable by the beneficiary.

Where no beneficiary is presently entitled to part of the trust's net income, the trustee is taxable. The tax rates depend on the trust's particular circumstances, for example income of deceased estates attracts a different tax rate depending on the stage of administration of the estate.

Superannuation funds

A superannuation fund is a distinct legal entity with its own income tax liability and is required to lodge an income tax return. Different income tax return forms are used by self-managed superannuation

funds and other superannuation funds. The superannuation fund tax rate is generally 15%. Higher rates apply to net non-arm's length income, and contributions by or on behalf of a member who has not quoted his/her tax file number to the trustee.