

Media statement

01 July 2009

Tax cuts favour the rich

John Howard went to the last election with a tax cut plan that favoured high income earners. The then Labor Opposition adopted most of that plan as its own.

From July 1, some taxpayers will receive the next round of those tax cuts. The following table shows how much the different income groups will receive from that date.

Table: Tax cuts from July 1, 2009

your annual income	tax cut (weekly benefit)
\$25,000.00	\$0.00
\$30,000.00	\$0.00
\$45,000.00	\$2.88
\$60,000.00	\$2.88
\$100,000.00	\$10.58
\$150,000.00	\$29.81
\$180,000.00	\$41.35

The new analysis by The Australia Institute shows the cuts are highly skewed towards the rich. High-income earners get \$41 per week and low-income earners get nothing at all.

The tax office has details on the tax returns of 11.8 million people for 2006–07, the latest year available. Of these 11.8 million people:

- Less than two percent earn \$180,000 or more and they receive the biggest tax cuts of \$41.35 per week. (The original tax office figures for 2006–07 have been adjusted for inflation.)
- Almost half (49 per cent) have incomes up to \$34,000 and receive nothing.
- Eighty nine per cent of people with incomes up to \$80,000 get somewhere between zero and \$2.88.

The Australia Institute's Senior Research Fellow, David Richardson, said, 'The tax cuts that will kick in from July 1 do not pass the fairness test. They outrageously favour the rich.'

'At a time when average working families are hurting, some will get nothing while most will get a miserly \$2.88.'

'Rather than giving a tax cut to the well-off, I think most Australians would rather see the money invested in health and education or given to those workers who would benefit the most from a bit of extra cash to help them get through the economic downturn.'

'Tax cuts for the wealthy do little to stimulate spending in the economy, which means they're a wasted opportunity. If the government wanted to stimulate the economy, the tax cuts should have gone to low-income earners who are more likely to spend them on life's necessities.'

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