

# MAKING INCOME TAX FAIR

**Making millionaires pay more and helping low income earners get ahead**

## THE GREENS WILL:

- ▲ Repeal the Stage 3 tax cuts
- ▲ Introduce a tax guarantee for the top 1% (a 'Buffet rule')
- ▲ Tax trusts as companies
- ▲ Introduce a new 60% tax rate for people earning over \$1 million
- ▲ Increase the effective tax free threshold to \$32,100

## REPEAL STAGE 3 TAX CUTS

Australia's progressive income tax system has been at the foundation of the idea of a fair go. But the Stage 3 tax cuts will put everyone earning between \$45,000 and \$200,000 on the same tax rate.

- High income earners will get a \$9,000 tax cut while low income earners will get nothing.
- Over half the benefit will go to the top 10% of income earners.
- The Top 1% of income earners will get as much benefit as the bottom 60% of income earners combined.
- And men will get twice the benefit that women do.

In many industries, workers will be in the same tax bracket as their bosses who are getting paid four times as much.

The Stage 3 tax cuts are massively regressive. They will destroy the progressive tax system. And the major parties will inevitably cut spending on essential services in order to offset the loss in revenue.

The Greens will repeal the Stage 3 tax cuts.

## INTRODUCE A TAX GUARANTEE FOR THE TOP 1% OF INCOME EARNERS (A 'BUFFET RULE')

High income earners use complicated tax schemes to reduce the amount of tax they pay

to the point where 66 people earning more than \$1 million a year pay not a single cent in tax.<sup>1</sup>

The Greens would fix the rigged system by requiring the top 1% of income earners to pay a minimum amount of tax. The Greens would restrict personal income tax deductions for those earning over \$360,000 to \$5,000 per annum. This would stop millionaires from reducing their tax to zero.

## TAX TRUSTS AS COMPANIES

High income earners also use personal trusts to avoid paying tax through a process called 'income splitting'. By directing their income into a trust, and then distributing it to other people — usually family members who are in a lower tax bracket — high income earners are able to reduce the amount of tax they pay.

The Greens would crack down on this by taxing the distributions from trusts at the company tax rate of 30%.

## INTRODUCE A 60% TAX RATE FOR PEOPLE EARNING OVER \$1 MILLION PER YEAR

As well as stopping millionaires avoiding tax altogether, the Greens would make them pay more tax by introducing a new top marginal tax rate of 60% for people earning more than \$1 million per annum.

This new top tax bracket would only affect the 15,000 highest income earners<sup>2</sup> and, at 60%,

this would still be less than the top marginal tax rate that was in place under Menzies.

## INCREASE THE TAX FREE THRESHOLD

Too many people in this wealthy country are living in poverty. That's why the Greens raise the rate for income support payments to \$88 a day.

The Greens would also reorder the income tax system so that the equivalent of \$88 a day is also the effective tax free rate. The Greens would increase the Low Income Tax Offset so that people earning up to \$32,100 would not pay any tax.

**FIND ALL OUR POLICIES:**

[greens.org.au/platform](https://greens.org.au/platform)

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<sup>1</sup> ATO Tax Stats, 2018-19

<sup>2</sup> ATO Tax Stats, 2018-19