



Personal Income Tax - amendments	
Party:	The Coalition
<p>Summary of proposal:</p> <p>The proposal would repeal the policy, <i>Personal income tax – new tax cuts for every Australian taxpayer</i>, announced on 25 March 2025.</p> <p>For income between \$18,201 and \$45,000:</p> <ul style="list-style-type: none">the 15% tax rate from 1 July 2026 will be increased to 16%the 14% tax rate from 1 July 2027 will be increased to 16%. <p>The proposal would start on 1 July 2026 and be ongoing.</p>	

Costing overview

The proposal would be expected to increase the fiscal and underlying cash balances by around \$17.1 billion over the 2025-26 Budget forward estimates period (see Table 1). This impact reflects an increase in taxation revenue.

The proposal would be expected to have an impact beyond the 2025-26 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2035-36 is provided at Attachment A.

Table 1: Personal Income Tax - amendments – Financial implications (\$m)^{(a)(b)}

	2025-26	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	-	3,000.0	6,700.0	7,400.0	17,100.0
Underlying cash balance	-	3,000.0	6,700.0	7,400.0	17,100.0

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in the totals.

- Indicates nil.

Key assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions in costing this proposal.

- The cost of the proposal is simply the negative of the amounts for the introduction of the policy as reported in the 2025-26 Budget measure: *Personal Income Tax – new tax cuts for every Australian taxpayer*.
- Departmental implementation costs would be negligible.

Methodology

The PBO used the 2025-26 Budget and estimates supplied by the Treasury to determine the financial impact of reversing the measures.

Financial implications were rounded consistent with the PBO's rounding rules.¹

Data sources

The Department of the Treasury provided estimates of the impact of the measure, *Personal Income Tax – new tax cuts for every Australian taxpayer*.

Commonwealth of Australia (2025), *Pre-election Economic and Fiscal Outlook 2025*, Commonwealth of Australia.

¹ <https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules>

Attachment A – Personal Income Tax - amendments – Financial implications

Table A1: Personal Income Tax - amendments – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
Tax revenue													
<i>Personal Income Tax</i>	-	3,000.0	6,700.0	7,400.0	7,700.0	7,900.0	8,000.0	8,200.0	8,400.0	8,600.0	8,700.0	17,100.0	74,600.0
Total – tax revenue	-	3,000.0	6,700.0	7,400.0	7,700.0	7,900.0	8,000.0	8,200.0	8,400.0	8,600.0	8,700.0	17,100.0	74,600.0
Total (excluding PDI)	-	3,000.0	6,700.0	7,400.0	7,700.0	7,900.0	8,000.0	8,200.0	8,400.0	8,600.0	8,700.0	17,100.0	74,600.0

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

(b) This costing includes an unquantifiable aspect.

- Indicates nil.

Table A2: Personal Income Tax - amendments – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
Fiscal balance	-	70.0	280.0	610.0	970.0	1,360.0	1,780.0	2,220.0	2,700.0	3,210.0	3,750.0	960.0	16,950.0
Underlying cash balance	-	50.0	230.0	530.0	880.0	1,260.0	1,680.0	2,110.0	2,580.0	3,080.0	3,620.0	810.0	16,020.0

(a) As this table is presented as a memorandum item, these figures are not reflected in the totals above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary².

(b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

- Indicates nil.

² [Online budget glossary – Parliamentary Budget Office \(pbo.gov.au\)](https://pbo.gov.au/)