



# PRIME MINISTER

FOR MEDIA

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## ELECTORATE TALK

The significant tax cuts announced in the budget would not have been possible had the Government not taken successful action against contrived and artificial tax avoidance and evasion schemes. Those tax cuts will be of very great benefit to all Australians, and in particular, to families.

From 1 November, Australians will be able to earn \$400 more before any taxation is levied, raising the tax free threshold to \$4,595. In addition, the standard rate of income tax, that is, the rate of tax that most people pay on incomes above \$4,595, is to be cut from 32 cents in the dollar to 30 cents in the dollar. And the income level at which the 46 cents in the dollar tax rate applies to each additional dollar is to be increased from just under \$18,000 to \$19,500. This will make sure that those on average weekly earnings will not have to pay more than 30 cents in the dollar over the year.

Those personal income tax benefits will be supplemented significantly by the introduction of a tax rebate on housing mortgage interest payments of over 10% on a principal home. This measure will apply to the first \$60,000 of a housing loan. It will be available to all Australians paying off a house, not just people who have bought their first home in the last five years and who are already being helped by the housing measures we introduced last March.

In addition, single income families with children will have their tax payments further reduced as a result of more generous spouse rebates and sole parent rebates, and all families will be helped by an increase in family allowances.

These initiatives will be worth \$17 to \$18 a week for a single income Australian family earning \$300 a week with two children, and a mortgage of say, \$25,000. That is a fairly typical situation. That is a considerable increase in spending power and is the equivalent of a before tax pay rise of \$25 or \$26 a week.

On top of all this, small investors will be helped by a tax rebate at the standard rate of tax on up to \$1,000 of dividends for resident companies. This is the first time this tax concession has been introduced and it is an important initiative to help businesses as well as Australian investors. All this is going to help all Australians enormously at a time when help is most needed.

This sort of budget would not have been possible had we not shown great resolve over recent years to stamp out tax avoidance and evasion schemes. And more recently, determination through legislation we have introduced into Parliament to recover company income taxes owing to us but evaded by bottom-of-the-harbour schemes. For the first time in many years, the Commissioner of Taxation said it will not be necessary to make allowance in tax revenue estimates in the budget for revenue loss through tax avoidance.

Putting aside the extra revenue we received from action against tax avoidance and tax evasion, tax collections will be lower in real terms this year, in large part because of the tax cuts. For several years, there has been a fiercely fought contest between those few people who have evaded and avoided paying taxes, and the Government, which is determined that all Australians will pay their fair share of the tax burden. The Government is now winning that contest.

A responsible government which represents all Australians must act with total determination to stamp out practices such as bottom-of-the-harbour schemes and to recover what is due. This is exactly what the Government has done, and as a result, taxpayers generally will be starting to feel the benefits because the tax cuts we have introduced in the last budget will flow through to tax payers generally from November 1 this year. This would not have been possible to the same extent if it had not been for the action that John Howard has taken over the last few years in relation to tax avoidance and tax evasion.