

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

2017 - 2018

Division/Agency: Budget Policy Division

Question No: 257

Topic: Taxation paid and 2016-17 Financial Year, what was the total government spend

Reference: Written

Senator: Eric Abetz

Question:

- . How much taxation is paid by the average Australian?
- o Can a 'Tax Receipt' be provided for this level of income for the 2016-17 Financial Year?
- . For the 2016-17 Financial Year, what was the total government spend in dollar terms:
 - o Welfare
 - § Aged
 - § Families
 - § Disability
 - § Unemployed
 - § Other
 - o Health
 - o Defence
 - o Education
 - o General public services
 - o Interest on Government debt
 - o Transport and communication
 - o Fuel and energy
 - o Foreign affairs, economic aid
 - o Industry assistance
 - o Public order and safety
 - o Housing and community
 - o Immigration
 - o Recreation and culture
 - o Other purposes

Answer:

1. The answer depends on the definition of the 'average' Australian. Based on the 2014-15 tax stats data, the average taxable income of tax filers in 2014-15 was around \$58,000. Individuals with this taxable income paid \$11,427 in tax (including Medicare Levy) in 2014-15.

However, measures of average income will be skewed by people earning no income or extremely high levels of income. In addition, different people will claim different amounts of deductions and tax offsets, which means that individuals on the same level of income can owe different amounts of tax.

A range of options accounting for different definitions of the average Australian are provided in the table below. For example, the 2014-15 Taxation Statistics (the latest published tax data) suggest that an individual in the middle of the income distribution (around \$45,000) would be expected to pay around \$6,000 to \$7,000 in tax. In comparison, an individual with an average income of \$60,000 (which is similar to the 2016-17 ABS full time annualised average weekly salary and wage earnings) would have a net tax of around \$11,500 to \$12,500.

Table 1: Tax paid for the average Australian

Income measure	Income (\$)	Net tax range [*]
2016 Census median personal income	34,000	3,000-4,000
2014-15 tax returns		
<i>Median</i>	45,000	6,000-7,000
<i>Average</i>	60,000	11,500-12,500

*Tax ranges represent the amount of net tax on returns for a majority of individuals within the corresponding income range.

Note:

1. The 2016 Census median personal income reflects median weekly incomes for individuals aged 15 years and over.

2. The 2014-15 tax return estimates, derived from the 2014-15 Taxation Statistics, represent total income or loss for tax returns processed by 31 October 2016.

The contribution to spending of someone who owes \$11,427 in tax is presented in Table 2.

2. Total government spending by category and a notional contribution to each category by the average tax payer is shown in the table below:

Table 2: Government spending by category

	Total government spending (2016-17)		Notional contribution by average tax payer
	\$m	per cent	
Welfare	146,613	37.9%	\$4,326
<i>Aged</i>	61,754	15.9%	\$1,822
<i>Families</i>	36,001	9.3%	\$1,062
<i>Disability</i>	30,555	7.9%	\$902
<i>Unemployed</i>	11,046	2.9%	\$326
<i>Other</i>	7,258	1.9%	\$214
Health	74,445	19.2%	\$2,197
Education	32,594	8.4%	\$962
Defence	34,630	8.9%	\$1,022
General public services	19,897	5.1%	\$587
Interest on Government debt	16,076	4.2%	\$474
Housing and community	4,625	1.2%	\$136
Fuel and energy Sector	6,726	1.7%	\$198
Foreign affairs and economic aid	6,383	1.6%	\$188
Transport and communication	9,139	2.4%	\$270
Industry assistance	5,879	1.5%	\$173
Immigration	3,594	0.9%	\$106
Public order and safety	5,189	1.3%	\$153
Recreation and culture	3,623	0.9%	\$107
Other purposes	17,840	4.6%	\$526
Total	387,253	100.0%	\$11,427