

Retaining the low and middle income tax offset for the 2021-22 income year

Receipts (\$m)	2020-21	2021-22	2022-23	2023-24	2024-25
Australian Taxation Office	-	-	-7,400.0	-400.0	..

The Government will retain the low and middle income tax offset (LMITO) for the 2021-22 income year, providing further targeted tax relief for low- and middle-income earners.

The LMITO provides a reduction in tax of up to \$1,080. Taxpayers with a taxable income of \$37,000 or less will benefit by up to \$255 in reduced tax. Between taxable incomes of \$37,000 and \$48,000, the value of the offset increases at a rate of 7.5 cents per dollar to the maximum offset of \$1,080. Taxpayers with taxable incomes between \$48,000 and \$90,000 are eligible for the maximum offset of \$1,080. For taxable incomes of \$90,000 to \$126,000, the offset phases out at a rate of 3 cents per dollar. Consistent with current arrangements, the LMITO will be received on assessment after individuals lodge their tax returns for the 2021-22 income year.

Retaining the LMITO for 2021-22 provides low- and middle-income earners with a further benefit and provides additional support to help secure the economic recovery.

This measure is estimated to decrease receipts by \$7.8 billion over the forward estimates period.

This measure builds on the 2020-21 Budget measure titled *JobMaker Plan – bringing forward the Personal Income Tax Plan and retaining the low and middle income tax offset*.

Self-managed Superannuation Funds — legacy retirement product conversions

Receipts (\$m)	2020-21	2021-22	2022-23	2023-24	2024-25
Australian Taxation Office	-	-	*	*	*
<i>Related payments (\$m)</i>					
Australian Taxation Office	-	5.9	2.6	2.1	-
Department of the Treasury	-	0.6	0.3	-	-
Department of Social Services	-	-	1.6	4.8	6.5
<i>Total — Payments</i>	-	6.6	4.5	6.9	6.5

The Government will allow individuals to exit a specified range of legacy retirement products, together with any associated reserves, for a two-year period. The measure will have effect from the first financial year after the date of Royal Assent of the enabling legislation. The measure will include market-linked, life-expectancy and lifetime products, but not flexi-pension products or a lifetime product in a large APRA-regulated or public sector defined benefit scheme.