



Household Assistance – Supporting Low Income Households

Through tax cuts and increases to Government payments, all low income households will be provided assistance that covers at least 100 per cent of their expected average impact of the introduction of the carbon price. Many will be better off.

Assistance through the personal tax system

The Government will assist households through an \$8 billion tax reform package including \$7 billion of tax cuts. In 2012, people will pay less tax because the Government will more than triple the tax free threshold from \$6,000 to \$18,200.

As a result, from 1 July 2012, taxpayers with income below \$80,000 will all get a tax cut, with most receiving at least \$300 a year, and up to one million additional Australians will be freed from having to lodge a tax return. A higher tax free threshold and tax cuts mean more money in people's pocket from week to week and better returns for work.

The tax cuts will benefit low-income workers in particular, including part-time secondary earners and those returning to the workforce. For example, someone earning \$20,000 will get \$600. Someone earning \$25,000 will get \$500 and someone earning \$30,000 will get \$300 in tax cuts.

Further tax cuts will be delivered in 2015 by increasing the tax free threshold to \$19,400. This will mean people with incomes below \$80,000 will get further tax cuts, with most receiving at least \$385 per year from the two rounds of tax cuts combined, and a further 100,000 Australians will no longer have to lodge a tax return. For more information, see the fact sheet on reforms to the personal tax system.

Assistance through Pensions, Income Support and Family Payments

Assistance will be provided to people who receive payments such as the Age Pension, Disability Support Pension, Carer Payment, Newstart Allowance and Family Tax Benefit, through increases in these payments.

The introduction of the carbon price is expected to result in a once off increase in prices of 0.7 per cent in 2012-13. In order to ensure low-income households are able to cover their average expected price impact, most government payments will be increased by an amount equivalent to 1.7 per cent of the maximum rate. The base rate of Family Tax Benefit Part A will also be increased by 1.7 per cent.

This assistance will first be delivered to pensioners, allowees, Family Tax Benefit and other eligible recipients through a one-off, tax-exempt, lump sum Clean Energy Advance in May or June 2012. After that, assistance will be paid through a new Clean Energy Supplement at the same time as payments.

Low Income Supplement

Some low-income households might not receive enough assistance through tax cuts or Government payments to offset their average expected cost impact under a carbon price. These households will be able to apply for an annual, tax-exempt Low Income Supplement of \$300, which will ensure they receive sufficient assistance as they adjust to changes in their costs of living after the carbon price is introduced.

People in low income households can apply for the Low Income Supplement through Centrelink. The supplement will be paid by Centrelink on an annual basis as a lump sum of \$300 from 1 July 2012. A person can only receive one payment in an income year.

Who is eligible?

Eligibility for the Low Income Supplement is based on an individual's income and whether they have received other assistance through tax cuts or benefits.

The following income limits apply to eligibility:

- \$30,000 for singles without a dependent child;
- \$45,000 for couples without a dependent child;
- \$60,000 for singles with a dependent child;
- \$60,000 for couples with a dependent child.

When and how can I claim?

Applications can be made closer to 1 July 2012 when the carbon price is introduced.

Further Information

For further information, go to the Clean Energy Future website at www.cleanenergyfuture.gov.au or call 1800 057 590.