



Australian Government

Tax cuts for every taxpayer

What employers need to know

All Australians are feeling cost-of-living pressures. That's why the Australian Government has introduced changes to individual income tax rates and thresholds.

These changes mean that every Australian taxpayer will receive a tax cut.

Key information for employers

As an employer, the amount of pay as you go (PAYG) withholding tax you withhold from your employees' pay will change from 1 July 2024. You will need to ensure that you are withholding the correct amount of PAYG withholding tax from your employees' pay, each payday.

Changes

The changes to individual income tax rates and thresholds mean many of your employees will keep more of what they earn.

From July 1 2024, these changes will:

- Reduce the 19 per cent tax rate to 16 per cent.
- Reduce the 32.5 per cent tax rate to 30 per cent.
- Increase the 37 per cent tax threshold from \$120,000 to \$135,000.
- Increase the 45 per cent tax threshold from \$180,000 to \$190,000.

Effective from 1 July 2024

Tax cuts will come into effect from 1 July 2024.

How to check your employees' withholding rates

The easiest way to do this is to check that your payroll software is using the new withholding rates from 1 July 2024.

If you don't use payroll software, you can also check that you are using the correct PAYG withholding tax table. Updated tax tables will be available in mid-June. Ensure that you use the new PAYG withholding tax tables from 1 July 2024. These are available at ato.gov.au/taxtables

Tax rates and thresholds for 2024-25

This table compares the individual income tax rates and thresholds for 2023-24 with the new tax rates and thresholds for 2024-25.

Thresholds in 2023-24 (\$)	Rates in 2023-24 (%)	New thresholds in 2024-25 (\$)	New rates in 2024-25 (%)
0-18,200	Tax free	0-18,200	Tax free
18,201 - 45,000	19	18,201-45,000	16
45,001 - 120,000	32.5	45,001-135,000	30
120,001-180,000	37	135,001-190,000	37
> 180,000	45	>190,000	45

Support for employers

As an employer, there are resources and further information to help you understand and meet your PAYG withholding obligations. For guidance visit ato.gov.au/paygw