



I know that tax cuts came in place on 1 July, but my boss still hasn't adjusted my wage. Have I missed out on these tax cuts?

Stephanie, Hawthorn

You can rest easy Stephanie. Whilst your employer may not have adjusted your pay over the past 5 months to the new tax rates, when you lodge your 2008/09 tax return you will get the benefit of the lower rates via an increased tax refund.

You didn't disclose your taxable income but if it is \$80,000, then you can probably expect a 2008/09 tax refund in the order of \$1,100 if your employer continues to take out tax at the 2007/08 tax rates. It essentially becomes a forced form of savings and can be a nice surprise at year end particularly if the car rego is due or a holiday is being planned.

If you are struggling with cashflow, then I strongly recommend that you tell your boss to change to the new tax rates.

The individual tax rates are as follows:

Tax rates 2007-08

| <i>Taxable income</i> | <i>Marginal tax rate</i> |
|-----------------------|--------------------------|
| \$0 – \$6,000 | Nil |
| \$6,001 – \$30,000 | 16.5% |
| \$30,001 – \$75,000 | 31.5% |
| \$75,001 – \$150,000 | 41.5% |
| \$150,001 and over | 46.5% |

Tax rates 2008-09

| <i>Taxable income</i> | <i>Marginal tax rate</i> |
|-----------------------------|--------------------------|
| \$0 – \$6,000 | Nil |
| \$6,001 – \$34,000 | 16.5% |
| \$34,001 – \$80,000 | 31.5% |
| \$80,001 – \$180,000 | 41.5% |
| \$180,001 and over | 46.5% |

