ATO's $24,097 tax blow for every Aussie worker

Aussie taxpayers are now paying a record $29,751 to all levels of governments, following wages growth and an increase in employment.

Tamika Seeto · Finance Reporter
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Total taxation revenue was $801.7 billion in the 2023-23 financial year, which was 6.1 higher than 2022-23. · Source: ATO/Getty

A record $802 billion in tax was collected by Australian governments last financial year, up $46.2 billion from the previous year. The average Aussie is now paying nearly $30,000 in tax across all levels of government.

Aussies are paying $24,097 per person in federal government taxes, Australian Bureau of Statistics data revealed. When state and local taxes are added in, that rises to $29,751 in total per person.

The revenue growth was driven by strong jobs growth and low unemployment, along with commodity prices and a strong property market. Australia's unemployment rate was 4.1 per cent in June, with wages growing 3.5 per cent for the financial year.

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As a result, tax revenue as a proportion of GDP increased to a high of 30 per cent across all levels of government.

Victorians paid the highest amount of state and local government tax at $6,348 per person, following increased property taxes on investors and payroll taxes for employers.

This was followed by New South Wales residents at $6,016 per person. Western Australia was in third place at $5,615, followed by the ACT at $5,551, Queensland at $5,051, South Australia at $4,701, Tasmania at $3,982 and the Northern Territory at $3,678.

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BDO economist partner Anders Magnusson said tax on workers' income was trending up, while tax on goods and services was declining.

"These are signs that our tax system disincentivises the innovation from workers and entrepreneurs that might otherwise get us out of our productivity hole," he said.

"This supports the economic case for tax reform, such as increasing the GST while remaking personal income tax brackets."

The ABS data was taken before Labor's tax cuts, which came into effect from July 1, 2024.

This reduced the 19 per cent tax rate to 16 per cent and lowered the 32.5 per cent tax rate to 30 per cent.

It also increased the threshold at which the 37 per cent tax rate applies from $120,000 to $135,000, plus bumped up the threshold for the 45 per cent tax rate from $180,000 to $190,000.

Tax changes promised

Both the Labor and Coalition have promised tax changes should they win the May federal election.

Labor announced it would give all Aussies a tax cut by decreasing the lowest income tax rate from 16 to 14 per cent from July 2026 to July 2027.
The government said this would give the average worker earning $79,000 a tax cut of $268 in 2026 and $536 in 2027.

Labor has also promised a $1,000 instant tax deduction from 2026-2027, instead of taxpayers needing to claim individual work-related expenses.

It is estimated this would bring $205 in annual relief to those who benefit from the deduction. Those earning between $45,001 and $135,000 could get a benefit of up to $320.

The Coalition has promised to give a one-off tax cut of up to $1,200 to taxpayers earning up to $144,000 after they lodge their 2025-26 tax return.

The tax cut would only apply for one year and would be similar to the Morrison government's Low and Middle Income Tax Offset.

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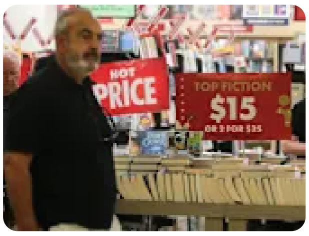

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