



TAX BACK GUARANTEE



ENDING THE INFLATION TAX

The Coalition will introduce a Tax Back Guarantee to end the inflation tax and stop Australians being taxed more simply because prices have gone up.

The principle is simple. When your wages rise just to keep up with inflation, you are no better off. But under the current tax system, you pay higher taxes as though you are better off.

That is not fair. That is not honest. And under a Coalition government, it will end.

THE PROBLEM

Australians know their money is not going as far as it used to.

Groceries cost more, power costs more, insurance costs more, mortgages cost more, and rent costs more.

Inflation is stealing from Australians through higher bills and everyday costs.

But it is also stealing from Australians in another way, year after year, without new laws, without an election, and often without people even noticing until they look at their bank account.

When wages rise just to keep up with inflation, people are not richer. They are not better off. They are just trying to keep up.

But the tax system treats them as though they are better off, taking more tax from their pay packet.

That is the inflation tax. It is a stealth raid on Australians working hard to get ahead.

Under Labor, Australians work harder, pay more, and fall behind.

Under the Coalition, Australians will be rewarded, keep more, and get ahead.

THE COMMITMENT

A Coalition government will ensure Australians are not taxed more because of inflation.

From 2028-29, the Coalition will index the bottom two income tax thresholds to inflation.

That will fully protect 85 per cent of income earners, with relief of around \$250 in year one, growing to more than \$1,000 a year in year four.

From 2031-32, the Coalition will index the top two income tax thresholds as well.

That will fully protect all income earners, with those in the top two thresholds receiving immediate tax relief of between \$1,250 and \$1,600, respectively.

This is generational tax reform.

It is fair, simple, and honest.

It will back Australians to work hard, take risks, and invest in their future.

It will also force the government to respect your money.

WHAT THIS MEANS IN REAL LIFE



Kate works several part-time jobs to earn \$70,000 a year. After a year, her pay barely keeps up with inflation. And, after tax, her buying power actually goes backwards by \$6. Under the Coalition's Tax Back Guarantee, Kate would receive a tax cut of \$244 in year one, rising to \$1,012 in year four – and this would continue to rise year after year. If inflation is higher, her tax cuts will be higher.



Rob is a plumber who makes \$100,000 a year. Under the Tax Back Guarantee, Rob will receive a tax cut of \$244 in year one, rising to \$1,012 in year four.





TAX BACK GUARANTEE



WHY IT MATTERS

- This is about reward for effort.
- Australians should not be punished for working hard.
- They should not be punished for getting a pay rise.
- They should not be pushed into higher taxes just because prices have gone up.
- If a government wants to tax Australians more, it should have to say so openly.
- It should not quietly take more from people through inflation.

KEY FACTS

- The Tax Back Guarantee will end the inflation tax.
- From 2028-29, the tax-free threshold and the \$45,000 threshold will be lifted in line with inflation.
- This will fully protect around 85 per cent of income earners.
- For a typical income earner, relief will be around \$250 in year one, growing to around \$1,000 in year four.
- From 2031-32, the \$135,000 and \$190,000 thresholds will also be lifted in line with inflation.
- Taxpayers in those brackets will see tax relief in 2031-32 of around \$1,250 and \$1,600, respectively.
- The Tax Back Guarantee is a fair, simple, and honest reform that will stop Australians being pushed into higher taxes just because prices have gone up.

THE BENEFIT

Income	Year 1	Year 4
\$30,000	\$64+	\$265+
\$70,000	\$244+	\$1,012+
\$100,000	\$244+	\$1,012+
\$140,000	\$244+	\$1,248+
\$100,000 & \$30,000 (couple)	\$308+	\$1,277+

+ indicates that the tax cut will be higher if inflation is higher than 2.5%

WHAT THIS MEANS IN REAL LIFE



Vian is a consultant and sole trader who earns \$140,000 a year. Under the Tax Back Guarantee, Vian will receive a tax cut of \$244 in year one, rising to \$1,248 in year four when the top two brackets are also indexed.



Geoff and Sarah have two kids and a family income of \$120,000 a year – with Geoff earning \$90,000 a year as a council worker and Sarah earning \$30,000 a year working part time as a childcare worker. Under the Tax Back Guarantee, Geoff and Sarah will receive a combined tax cut of \$308 in year one, rising to \$1,277 in year four.

To find out more go to: www.liberal.org.au/our-plan

