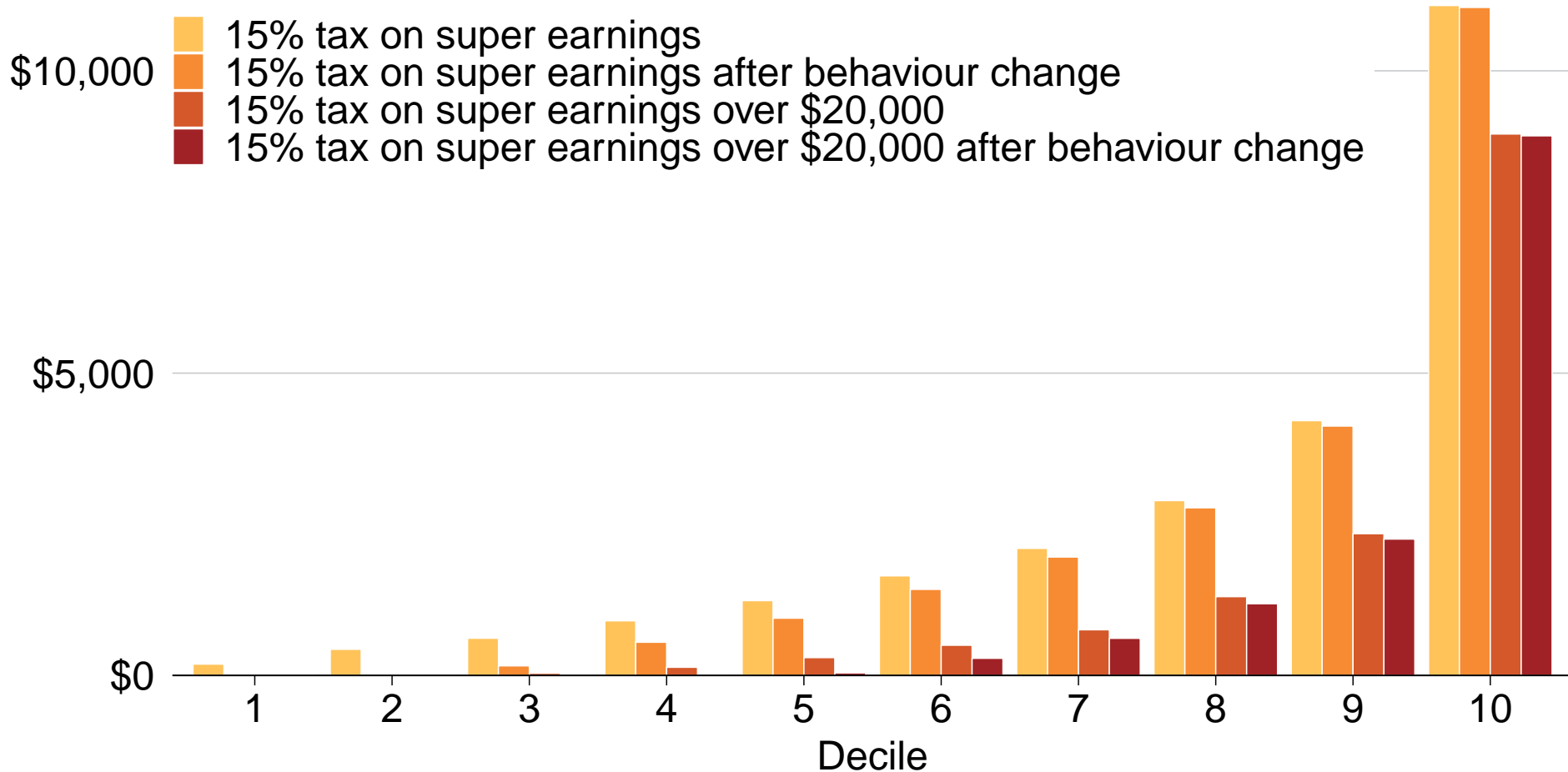


# A tax on earnings in retirement would mostly affect those with higher incomes

Average additional tax paid by 60+ year olds under reform proposals, by total income decile (including super earnings), 2020–21



*Note: Earnings estimated as 5% of super balances. Effective earnings tax assumed to be 12.5%. Behavioural response assumed to be that individuals whose taxable income is below either the tax-free threshold or the taxable income at which most people's marginal tax rate exceeds 12.5% would transfer as much super earnings into their taxable income as would reduce their tax. The effective tax-free threshold is the most common taxable income in which people of that age and partner status pay between \$1 and \$100 income tax. The threshold for the 12.5% marginal rate is the minimum taxable income at which the marginal tax rate is greater than 12.5% for that age and partner status.*

Source: ATO 2017–18 2% sample file.