

## Briefing Note: Tax concessions by age

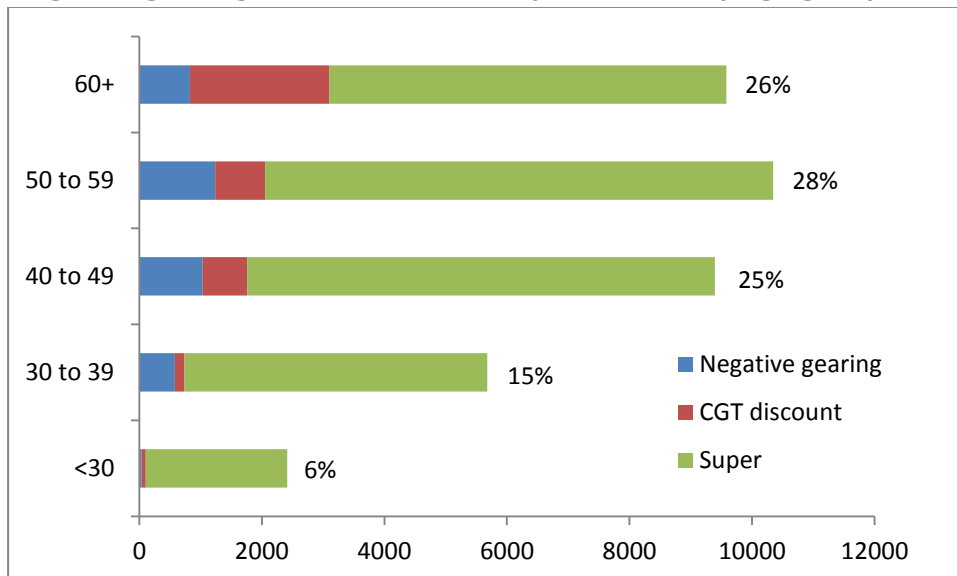
15 February 2016

The Australia Institute commissioned NATSEM to model how the savings of federal tax concessions are distributed by age group.

### Key points:

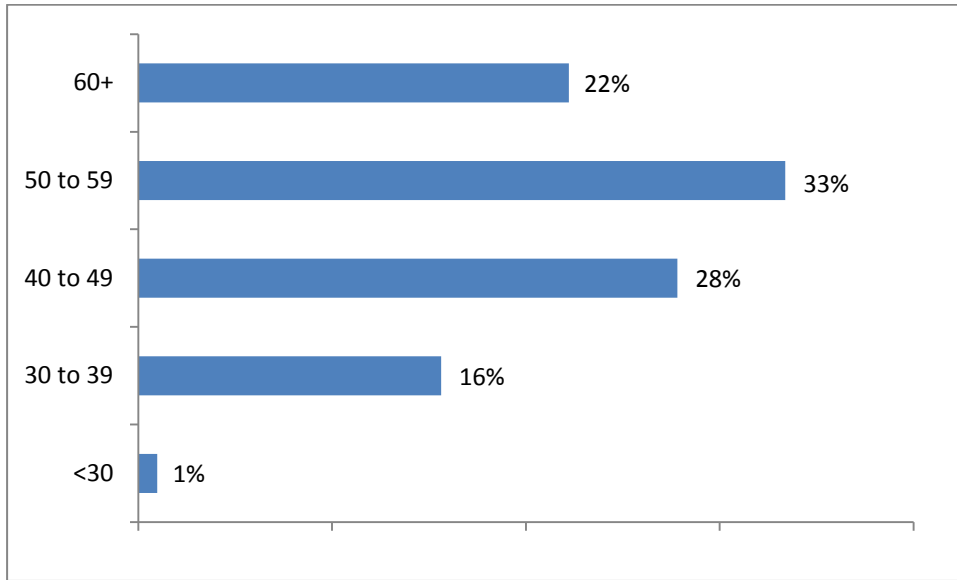
- Superannuation tax concessions, negative gearing and the capital gains tax (CGT) discount together cost the budget almost \$37.4 Billion a year in 2014/15.
- These concessions are growing. Treasury predicts they will cost the budget over \$50 Billion per year in the next term of parliament.
- These tax concessions overwhelmingly favour richer Australians. For example, 73% of the CGT discount flows to the top 10 per cent of income earners.
- These tax concessions also flow overwhelmingly to older Australians, with younger Australians benefiting very little from any of the three tax breaks.

### Negative gearing, CGT discount & Super benefit by age group

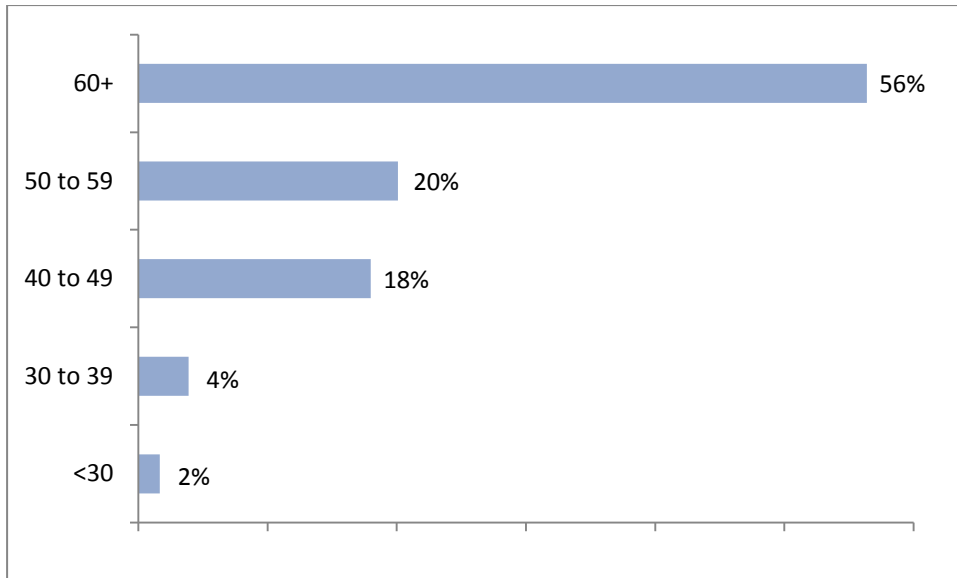


- The proportion of the 3 tax concessions combined that go to those under 30 years of age is only 6.4%
- The figure is even starker for the capital gains tax discount and negative gearing with the under 30 age group receiving only 1% and 1.7% those concessions respectively.

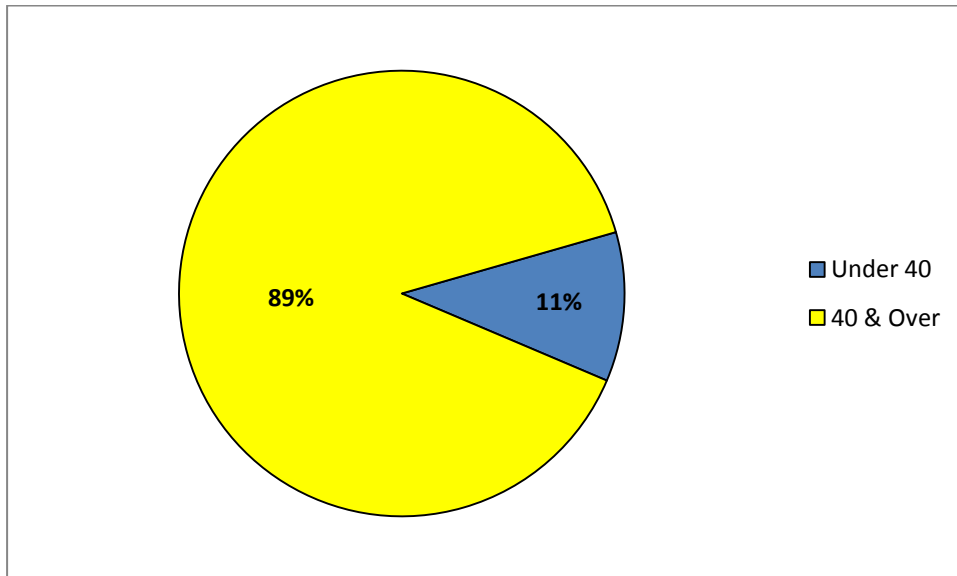
### Negative gearing benefit by age group



### CGT discount benefit by age group



### Negative gearing & CGT discount benefit 40 & over versus under 40s



- Australians over 50 years of age receive 53% of these 3 combined tax concessions
- Australians over 60 receive 56% of the benefit capital gains tax discount
- In dollar terms in 2014/15 the three concessions were worth \$20 Billion to those over 50, yet only \$2.4 Billion to those under 30.
- For the capital gains tax discount, those under 30 received \$67 Million in tax benefits while those over 60 received \$2.3 Billion

### Detail in millions

	Negative gearing	CGT discount	Super	Total
<30	36.3	66.7	2308.3	2411.3
30 to 39	580	156.9	4940.6	5677.5
40 to 49	1032.7	726.4	7634.5	9393.6
50 to 59	1239.6	812	8296	10347.6
60+	824.9	2277.5	6481.3	9583.7
Total	3713.5	4039.5	29660.7	37413.7

### By percentage

	Negative gearing	CGT discount	Super	Total
<30	0.98%	1.65%	7.78%	6.44%
30 to 39	15.62%	3.88%	16.66%	15.17%
40 to 49	27.81%	17.98%	25.74%	25.11%
50 to 59	33.38%	20.10%	27.97%	27.66%
60+	22.21%	56.38%	21.85%	25.62%
Total	100.00%	100.00%	100.00%	100.00%

Sources: NATSEM has calculated the tax concessions for negative gearing, CGT discount and superannuation by age using NATSEM's extensive data on households combined with the most recent Australian Tax Office (ATO) statistics from 2011-12, updated to 2014-15.