

Legislation Passed

8 November 2011 – After months of publicity today the Carbon Tax was passed by the Senate and has become law.

What Is The Carbon Tax?

The Carbon Tax is designed to discourage some of Australia's major polluters from producing excessive amounts of carbon. It is hoped that by introducing a carbon tax more environmentally sustainable practices will be adopted by these large organisations. From 1 July 2012 Australia's 500 largest polluters will be required to pay \$23 per tonne of carbon produced. This price will increase at a rate of 2.5% annually in real terms until 1 July 2015. From 2015 the tax will become an Emissions Trading Scheme (ETS) at which point the price of carbon will be set by the market and permits will need to be bought and surrendered for every tonne of carbon pollution that is produced.

What Does it Mean for the Average Household?

According to the current Government the average Australian household is likely to see a rise in costs of around \$9.90 per week. To help counteract this increase the Government has announced an assistance package. The package is targeted at pensioners and low to middle income earners and according to the Government two in three households will receive assistance that will offset the expected rise in the cost of living.

What will be the Effect on Fuel and Transport?

Fuel used daily by motorists will be excluded from the carbon pricing scheme. A carbon price will be applied however to domestic aviation, domestic shipping, and rail transport. It is estimated that in the case of domestic aviation the additional price of the carbon tax on airlines will add approximately \$3.50 extra to the cost of a normal ticket.

Tax Reforms:

The carbon pricing scheme will not apply to small businesses, however to help compensate for the expected increase in certain costs it is proposed the small business instant asset write-off threshold will be increased to \$6,500 once the scheme is implemented. In addition it is proposed the individual tax free threshold will be increased thereby resulting in approximately a million Australians no longer being required to lodge personal tax returns. For taxpayers earning under \$80,000 pa who are still required to lodge an income tax return it is estimated the increase in the tax free threshold will deliver a \$300 pa tax saving. Pensioners will receive an increase in their benefits as part of the household assistance package, the amount of the increase varying depending on the benefits they are entitled to.

Further information regarding the Carbon Tax can be found at:
www.cleanenergyfuture.gov.au/clean-energy-future/our-plan/