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Tax-free limit lifted

THE Federal Budget has promised a lot to ease the cost of living for Australian families and help strengthen superannuation returns.

The tax-free threshold has been raised to \$16,000 and there will be a lower tax on savings, with a 50 per cent discount on up to \$1000 of interest income.

The government is also increasing the super guarantee to 12 per cent and has introduced new saving incentives, contributing up to \$500 to offset contributions tax for those who earn up to \$37,000 and allowing "catchup" contributions by older workers with super balances of less than \$500,000.

However, Liberal Senator for Western Australia Alan Eggleston has

said the spending in the budget was putting pressure on interest rates and the cost of living for Western Australian families.

"The Government will have to borrow over \$700 million a week to fund its reckless and wasteful spending – putting upward pressure on interest rates and the cost of living for WA families," Senator Eggleston said after the release of the Budget.

The government claims the Budget will help working families make ends meet, with a third tranche of income tax cuts.

It also boasted a fairer and simpler tax return system that will boost after-tax income, as well as tax reforms that will grow the economy and wages over time.