



# Low and middle income earner tax offsets

Check eligibility for the low income tax offset or low and middle income tax offset in the 2019 to 2022 income years.

**Last updated** 25 June 2024

## Eligibility for the tax offsets

From 1 July 2022 you may be eligible for the low income tax offset **only**, if you earn up to \$66,667.

Between 2018–19 and 2021–22, you may have been eligible to receive one or both of the:

- [low income tax offset](#) – if you earn up to \$66,667
- [low and middle income tax offset](#) – if you earn up to \$126,000.

LMITO ended on 30 June 2022. The last year you can receive it is the 2021–22 income year.

To be eligible, you need to:

- be an Australian resident for tax purposes
- pay tax on your taxable income
- have a taxable income below certain income thresholds.

## Receiving the tax offsets

You don't need to do anything to claim either of these tax offsets, except lodge your tax return. We work out the offsets after you lodge.

You can see the tax offset amount on your notice of assessment at **Less non-refundable tax offsets**.

These offsets reduce the tax you need to pay. They can only reduce your tax payable to \$0. They are not a separate payment. Any unused offsets can't be refunded.

## Low income tax offset (LITO)

The amount of low income tax offset (LITO) you receive will depend on your taxable income. If you earned:

- \$37,500 or less, you will get the maximum offset of \$700
- between \$37,501 and \$45,000, you will get \$700 minus 5 cents for every \$1 above \$37,500
- between \$45,001 and \$66,667, you will get \$325 minus 1.5 cents for every \$1 above \$45,000.

We will work out your offset and reduce your tax payable by this amount.

## Low and middle income tax offset (LMITO)

LMITO ended on 30 June 2022. The last year you can receive it is the [2021-22 income year](#).

LMITO is not available for the [2022-23 income year](#) and later income years.

For the [2018-19 to 2021-22 income years](#), in addition to the LITO, you could receive the LMITO.

You receive LMITO if your taxable income is less than \$126,000. You must also be an Australian resident for tax purposes. You will not receive it if your taxable income is \$126,000 or more. We will work out your offsets and reduce your tax payable by this amount.

## LMITO not available 2022-23 income year onwards

Low and middle income tax offset (LMITO) ended on 30 June 2022. This means it doesn't apply for the 2022-23 income year.

Your tax return outcome may be different this income year. You may have a lower refund (less than when LMITO was available) or you may

receive a tax bill. See [Why your tax return outcome may change in 2023](#).

## LMITO amounts 2021–22 income year

The LMITO was increased by \$420 (a one-off \$420 cost of living tax offset) for the 2021–22 income year.

This increases the base amount to \$675 and the full amount to \$1,500.

**Table: Low and middle income tax offset (LMITO) for 2021–22 income year**

Taxable income	Offset
\$37,000 or less	\$675
From \$37,001 to \$48,000	\$675 plus 7.5 cents for every dollar above \$37,000, up to a maximum of \$1,500
From \$48,001 to \$90,000	\$1,500
From \$90,001 to \$126,000*	\$1,500 minus 3 cents for every dollar above \$90,000

## Examples of how the offsets reduce your tax

The following examples show how the offsets can reduce the tax you pay.

### Example: taxable income over \$37,000 but under \$48,000

Jeff's taxable income is \$45,000 for the 2021–22 income year. He is eligible for both tax offsets based on his income, worked out as:

- low income tax offset amount of \$700 minus 5 cents for every dollar above \$37,500
  - $\$45,000 - \$37,500 = \$7,500$
  - $\$7,500 \times \$0.05 = \$375$
  - $\$700 - \$375 = \mathbf{\$325}$

- low and middle income tax offset amount of \$675 plus 7.5 cents for every dollar above \$37,000
  - $\$45,000 - \$37,000 = \$8,000$
  - $\$0.075 \times \$8,000 = \$600$
  - $\$675 + \$600 = \mathbf{\$1,275}$ .

We add both offset amounts together to reduce Jeff's tax payable:

- $\$325 + \$1,275 = \mathbf{\$1,600}$ .

Jeff's tax payable of \$5,092 is reduced by \$1,600 using the offsets.

#### **Example: taxable income over \$48,000 but under \$90,000**

Anita's taxable income is \$70,000 for the 2021–22 income year.

Anita is not eligible for the low income tax offset as her income is above \$66,667.

As Anita's income is more than \$48,000 but less than \$90,000, she is eligible for a low and middle income tax offset of \$1,500.

Anita's tax payable of \$13,217 is reduced by \$1,500 using the LMITO.

#### **Example: taxable income over \$90,000 but under \$126,000**

Andre's taxable income is \$92,000 for the 2021–22 income year.

Andre is not eligible for the low income tax offset as his income is above \$66,667.

Andre's income is more than \$90,000 but less than \$126,000. He is eligible for a low and middle income tax offset amount of \$1,500 minus 3 cents for every dollar his income is above \$90,000.

This is worked out as:

- $\$92,000 - \$90,000 = \$2,000$
- $\$0.03 \times \$2,000 = \$60$
- $\$1,500 - \$60 = \mathbf{\$1,440}$ .

Andre's tax payable of \$20,367 is reduced by \$1,440 using the LMITO.

## LMITO amounts 2018–19 to 2020–21 income years

The LMITO amount for the 2018–19, 2019–20 and 2020–21 income years remains the same at between \$255 and \$1,080.

The amount of offset you receive depends on your circumstances, such as your taxable income and how much tax you have paid throughout the income year.

The 2021–22 income year is the last year for the LMITO – it will not be available for future income years.

The tables below show the amount of LMITO you can receive. This depends on the income year and your taxable income.

**Table: Low and middle income tax offset (LMITO) for 2018–19, 2019–20 and 2020–21 income years**

<b>Taxable income</b>	<b>Offset</b>
\$37,000 or less	\$255
More than \$37,000 but less than \$48,000	\$255 plus 7.5 cents for every dollar above \$37,000, up to a maximum of \$1,080
More than \$48,000 to \$90,000	\$1,080
More than \$90,000 but less than \$126,000*	\$1,080 minus 3 cents for every dollar above \$90,000

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