

Effective tax-free income thresholds 2026-27



The following tables outline the effective individual tax-free income thresholds for 2026-27.

Includes the reduction in the lowest marginal tax rate for taxable income between \$18,201 and \$45,000 from 16% to 15%.

These tables include the impact of the following tax offsets:

- Low Income Tax Offset (LITO)
- Seniors and Pensioners Tax Offset (SAPTO)

Note, higher effective tax-free thresholds than those discussed below may apply where an individual is entitled to other non-refundable tax offsets.

Effective tax-free income thresholds for 2026-27

Resident individuals

Status	Tax offsets applicable	Effective tax-free threshold Taxable income before income tax becomes payable
Single or member of a couple (not eligible for SAPTO)	LITO	\$22,866
Single (eligible for SAPTO)	LITO and SAPTO	\$36,960*
Member of a couple (each) (eligible for SAPTO)	LITO and SAPTO	\$32,774*

* Refer to FirstTech comment on the next page.

For details of how these effective tax-free thresholds were calculated, see Appendix 1.

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*An individual's rate of SAPTO is based on their rebate income (rather than just taxable income), which includes adjusted fringe benefits, total net investment loss and reportable superannuation contributions.

The effective tax-free thresholds listed above for SAPTO recipients assume that the individual has no reportable super contributions, net investment losses or adjusted fringe benefits. However, this will not be the case where an individual has made salary sacrifice contributions or personal tax-deductible contributions (for example to reduce their taxable income to their effective tax-free threshold). Where they have, their rebate income may be high enough to reduce their SAPTO, and therefore their effective tax-free threshold.

See below for more information on effective tax-free thresholds at various levels of rebate income.

Resident individuals eligible for SAPTO

For individuals eligible for SAPTO, the effective tax-free threshold considers LITO and SAPTO.

However, unlike LITO, the calculation of SAPTO is not based on taxable income alone.

SAPTO is based on 'Rebate Income' which includes:

- Taxable income (less assessable FHSS released amounts)
- Reportable employer superannuation contributions (RESC)¹
- Personal deductible superannuation contributions
- Adjusted fringe benefits
- Total net investment losses

As 'Rebate Income' includes amounts of salary sacrifice contributions and personal deductible contributions, making concessional contributions will reduce taxable income, however it will not reduce Rebate Income and therefore will not increase entitlement to SAPTO.

This results in members with high levels of Rebate Income receiving lower levels of SAPTO which in turn results in a lower effective tax-free threshold.

¹ Reportable employer superannuation contributions are contributions made on behalf of a member who has the capacity to influence either the size of the contributions or the way they are contributed. This includes salary sacrifice contributions but excludes contributions made by an employer to meet their superannuation guarantee liability. Contributions included in a member's assessable income are also not RESC.

The following table outlines the effective tax-free threshold at various levels of rebate income for a single person eligible for SAPTO, as well as the maximum amount of tax effective concessional contributions:

Single person – eligible for SAPTO

Rebate income	Effective tax-free threshold Taxable income before income tax becomes payable	Maximum tax effective concessional contributions
\$36,960 or less	\$36,960	Nil
\$37,000	\$36,928	
\$38,000	\$36,095	
\$39,000	\$35,261	
\$40,000	\$34,428	
\$41,000	\$33,595	
\$42,000	\$32,761	
\$43,000	\$31,928	
\$44,000	\$31,095	The lesser of:
\$45,000	\$30,261	<ul style="list-style-type: none"> • The difference between the member's taxable income and their effective tax-free threshold, or • The member's available concessional contributions cap
\$46,000	\$29,428	
\$47,000	\$28,595	
\$48,000	\$27,761	
\$49,000	\$26,928	
\$50,000	\$26,095	
\$51,000	\$25,261	
\$52,000	\$24,428	
\$53,000	\$23,595	
\$53,874 or greater	\$22,866	

Members of a couple – eligible for SAPTO

For members of a couple, eligibility for SAPTO is determined by the combined Rebate Income of the couple.

For 2026-27, the couple must have combined Rebate Income less than \$89,326 (or less than \$102,174 if illness-separated).

Once they meet the eligibility criteria, the amount of SAPTO for each member of the couple is calculated separately based on their own Rebate Income. The calculation of SAPTO is further complicated by the ability to transfer unused amounts of the tax offset to their partner.

Note: for the purposes of this analysis, we will not include the transferring of unused SAPTO between spouses, and we have assumed that the couple are not illness separated.

The following table outlines the effective tax-free threshold at various levels of rebate income for a member of a couple, as well as the maximum amount of tax effective concessional contributions:

Rebate income	Effective tax-free threshold Taxable income before income tax becomes payable	Maximum tax effective concessional contributions
\$32,774 or less	\$32,774	Nil
\$33,000	\$32,585	
\$34,000	\$31,752	
\$35,000	\$30,919	
\$36,000	\$30,085	
\$37,000	\$29,252	The lesser of:
\$38,000	\$28,419	<ul style="list-style-type: none"> • The difference between the member's taxable income and their effective tax-free threshold, or • The member's available concessional contributions cap
\$39,000	\$27,585	
\$40,000	\$26,752	
\$41,000	\$25,919	
\$42,000	\$25,085	
\$43,000	\$24,252	
\$44,000	\$23,419	
\$44,663 or greater	\$22,866	

Appendix 1

Calculation details - Effective tax free income thresholds for 2026-27

Single person not eligible for SAPTO – 2026-27

Taxable income	\$22,866
Income tax	\$700
Medicare levy	Nil
LITO	(\$700)
Net Income	\$22,866

Taxable income of \$22,866 will result in no tax payable due to LITO. Medicare Levy is based on the 2024-25 threshold of \$27,222 for individuals not eligible for SAPTO. Medicare Levy thresholds are released towards the end of each financial year. Note, while the Government had proposed higher Medicare Levy income thresholds for 2025–26, at the time of writing these had not been legislated. However, it is important to note that even with the lower thresholds from 2024–25, no Medicare Levy is payable where taxable income is equal to the effective tax-free threshold.

Concessional contribution strategies that reduce taxable income below \$22,866 are generally not tax-effective, as concessional contributions are subject to 15% contributions tax while saving no further income tax below this threshold. An exception may apply to concessional contributions that are effectively not taxed due to the low income superannuation tax offset (LISTO). For further information about LISTO, see section 2.3 of the [FirstTech Super Guide](#).

Single person eligible for LITO AND SAPTO – 2026-27

Taxable income	\$36,960
Income tax	\$2,814
Medicare Levy	Nil
LITO	(\$700)
SAPTO	(\$2,114)
Net Income	\$36,960

Taxable income of \$36,960 will result in no tax payable due to LITO and SAPTO. Eligibility to SAPTO assumes zero amounts of reportable superannuation contributions, net investment losses and adjusted fringe benefits. Medicare Levy is based on the 2024-25 threshold of \$43,020 for individuals eligible for SAPTO. Medicare Levy thresholds are released towards the end of each financial year. Note, while the Government had proposed higher Medicare Levy income thresholds for 2025–26, at the time of writing these had not been legislated. However, it is important to note that even with the lower thresholds from 2024–25, no Medicare Levy is payable where taxable income is equal to the effective tax-free threshold.

Member of a couple eligible for LITO and SAPTO – 2026-27

Taxable income	\$32,774
Income tax	\$2,186
Medicare Levy	Nil
LITO	(\$700)
SAPTO	(\$1,486)
Net Income	\$32,774

Taxable income of \$32,774 will result in no tax payable due to LITO and SAPTO. Eligibility to SAPTO assumes zero amounts of reportable superannuation contributions, net investment losses and adjusted fringe benefits. Medicare Levy is based on the 2024-25 threshold where eligible for SAPTO (\$43,020 for an individual and \$59,886 for the combined income of a couple). Medicare Levy thresholds are released towards the end of each financial year. Note, while the Government had proposed higher Medicare Levy income thresholds for 2025–26, at the time of writing these had not been legislated. However, it is important to note that even with the lower thresholds from 2024–25, no Medicare Levy is payable where taxable income is equal to the effective tax-free threshold.

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