



# Tax reform for easier, faster, better tax returns

## A \$1,000 instant tax deduction.

13 April 2025

**ANTHONY ALBANESE MP**  
PRIME MINISTER OF AUSTRALIA

**JIM CHALMERS MP**  
TREASURER

A re-elected Albanese Labor Government will make the tax system simpler and deliver more cost-of-living relief by introducing a \$1,000 instant tax deduction from 2026-27.

The reform will allow taxpayers to choose to claim a \$1,000 instant tax deduction instead of claiming individual work-related expenses, saving time and money.

Taxpayers won't need to collect receipts for deductions less than \$1,000 and will save on the costs of professional tax advice.

It means more than one in three taxpayers will only need to make six clicks to tick their tax return.

As a result of the instant deduction:

- 5.7 million taxpayers (39 per cent of taxpayers) who currently claim less than \$1,000 in deductions will benefit.
- The average amount of annual tax relief for those who benefit is \$205.
- Australians earning between \$45,001 and \$135,000 could get a benefit of up to \$320.
- Around 88 per cent of those that benefit would have a taxable income of less than \$135,000 in 2026-27.

This is tax reform that cuts red tape and relief that comes on top of our new tax cuts for every taxpayer, helping Australians keep more of what they earn.

This election commitment will provide more permanent cost of living relief and make tax time quicker and easier for 5.7 million taxpayers.

When our tax cuts to every taxpayer are fully implemented, the average full time income earner on \$103,000 will receive \$2,790. This will rise to up to \$3,110 when combined with this reform, for those taxpayers who weren't already claiming deductions.

The time saving alone from reducing the burden of record keeping on millions of taxpayers is estimated to be worth about \$200 million a year.

To be eligible for the instant tax deduction, taxpayers have to earn labour income. People who only earn business or investment income and no labour income can continue to claim their deductions in the usual way.

Taxpayers claiming more than \$1,000 in work-related deductions will still be able to do so in the usual way. Charitable donations and other non-work related deductions would continue to be claimed on top of the instant tax deduction.

This new tax reform builds on Labor's substantial and responsible cost-of-living relief which also includes tax cuts, energy bill relief, cheaper medicines and childcare, student debt relief and higher wages.

It forms part of the Government's substantial tax reform agenda, which includes reforms to multinational tax, the Petroleum Resource Rent Tax and to make super tax concessions fairer, and our build to rent tax breaks, production tax credits and tax cuts for every taxpayer.

The introduction of the instant tax deduction will cost \$2.4 billion over the forward estimates.

*As at 13 April 2025*

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