

# DEAKINLAND INCOME TAX



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## Australia vs Estonia Income Tax

Taxable income	Tax on this income
0 – \$18,200	Nil
\$18,201 – \$37,000	19c for each \$1 over \$18,200
\$37,001 – \$87,000	\$3,572 plus 32.5c for each \$1 over \$37,000
\$87,001 – \$180,000	\$19,822 plus 37c for each \$1 over \$87,000
\$180,001 and over	\$54,232 plus 45c for each \$1 over \$180,000

While Australia uses a Marginal Tax Rate, Estonia applies a flat rate income tax of 20%

*Some deductions apply:*

- *House loan interest*
- *Donations*
- *Social security payments*

## Marginal tax

- Australia's marginal tax is incremental, unlike other countries who follow a band system
- **Band tax:** Tax occurs at a flat rate, decided by the income bracket it falls under.
- **Incremental tax:** Segments the income into subsequent brackets to reduce the total tax payable.

## DEAKIN LAND income tax

- Deakin Land follows an incremental marginal tax as shown in the table below:

Bracket	Rate
\$0 - \$20,000	0%
\$20,000 - \$50,000	20%
\$50,000 - \$80,000	25%
\$80,000 - \$120,000	35%
\$120,000 - \$180,000	40%
\$180,000 and over	50%

*For example, if a person in Deakin Land has an income of \$70,000 they would be taxed at:*

*Bracket One: \$0*

*Bracket Two: \$6,000 (30,000 x .20)*

*Bracket Three: \$5,000 (20,000 X .25)*

*Total Income Tax: \$11,000*

# DEAKIN LAND income tax

- IF Deakin Land followed a band marginal tax rate

Bracket	Rate
\$0 - \$20,000	0%
\$20,000 - \$50,000	20%
\$50,000 - \$80,000	25%
\$80,000 - \$120,000	35%
\$120,000 - \$180,000	40%
\$180,000 and over	50%

*A person in Deakin Land has an income of \$70,000 they would be taxed at:*

*Bracket Three: \$17500 (70000 X .25)*

*Total Income Tax: \$17500  
Net Income would result in: \$70,000 - \$17500  
\$52,5000 Net Income*

*However, Deakin Land uses an incremental marginal tax rate which is result in a net income of \$59,000*

*The tax payer gains \$6,500 in Net Income.*

# Fringe benefits

In Deakin Land, Fringe benefits can be taxed at two rates depending on what income bracket the tax payer falls into. We classify the following items as fringe benefits.

- Cars
- Education i.e. tuition
- Housing allowance
- Accommodation

Bracket	Rate
\$0 - \$100,000	20%
\$100,000	40%