

more  
than  
money



# NAB Consumer Insights

April 2024

**Over 1 in 3 Australians intend to save their 'windfall' from upcoming Stage 3 tax cuts.**

## How Consumers Intend to Use Tax Savings from Revised Stage 3 Tax cuts

Revised Stage 3 tax cuts will come into effect in Australia from July 2024. This means more Australian taxpayers will receive a tax saving. It also means households will have more disposable income and financial flexibility. The estimated tax saving for Australian household will however vary according to their income (new thresholds and estimated savings in various income bands are shown below). In this special report, we asked a representative sample of around 2,000 Australians over the age of 18 what they intend to do with this extra money.

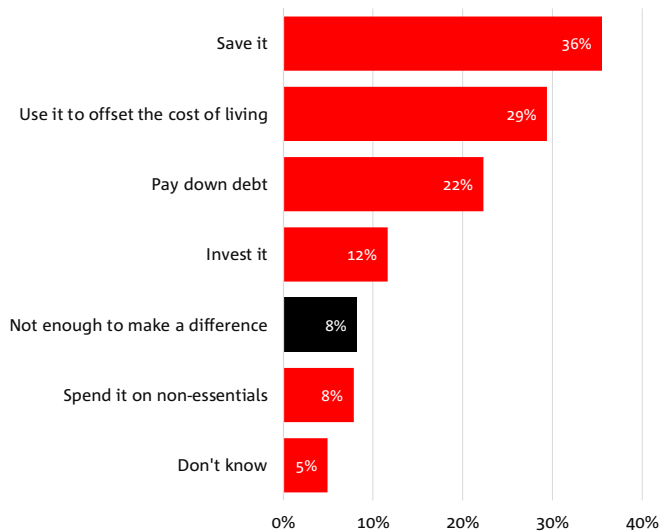
### New Tax Thresholds

2023-24		2024-25	
Thresholds (\$)	Tax Rate (%)	Thresholds (\$)	Tax Rate (%)
\$0 - \$18,200	Tax free	\$0 - \$18,200	Tax free
\$18,201 - \$45,000	19%	\$18,201 - \$45,000	16%
\$45,001 - \$120,000	32.5%	\$45,001 - \$135,000	30%
\$120,001 - \$180,000	37%	\$135,001 - \$190,000	37%
Over \$180,000	45%	Over \$190,000	45%

### Estimated Tax Savings from Stage 3 Tax Cuts: NAB Income Bands

Under \$35,000	\$35-50,000	\$50-75,000	\$75-100,000	\$100-150,000	\$150-200,000	Over \$200,000
\$350	\$750	\$1,200	\$1,900	\$3000	\$4,000	\$4,500

#### Intend to Do With Extra Money From Tax Cuts



NAB’s March quarter Australians Wellbeing Report reaffirmed that saving aspirations remain very high, with almost 8 in 10 (77%) Australians indicating they were trying to save. But almost 1 in 5 (19%) in net terms also said their household savings fell in the last 3 months. Meanwhile, NAB’s March quarter Consumer Stress report continued to highlight cost of living as the biggest driver of overall consumer stress, and that very few Australians in net terms managed to reduce overall household debt levels in the past 3 months.

Against this backdrop, when Australians were asked what they intended to do with their tax savings, over 1 in 3 (36%) said they intended to save it, almost 3 in 10 (29%) use it to offset their living costs and over 1 in 5 (22%) pay down debt.

Just over 1 in 10 (12%) intended to invest their tax savings, and just under 1 in 10 (8%) spend it on non-essentials such as holidays, eating out, clothes, jewellery etc. 1 in 20 simply did not know (5%).

But almost 1 in 10 (8%) Australians believe their tax savings are not enough to make a difference.

### Intend to do with tax savings: age & gender

	All	18-29	30-49	50-64	65+	Men	Women
Save it	36%	53%	39%	28%	19%	32%	39%
Use it to offset the cost of living	29%	26%	36%	33%	19%	28%	31%
Pay down debt	22%	24%	30%	25%	5%	20%	24%
Invest it	12%	19%	15%	8%	3%	14%	10%
Not enough to make a difference	8%	6%	9%	9%	7%	8%	8%
Spend it on non-essentials	8%	10%	10%	5%	5%	8%	7%
Don't know	5%	6%	4%	5%	4%	4%	5%

What Australians intended to do with their tax savings varied significantly by age. Over 1 in 2 (53%) 18-29 year olds intended to save it, with this falling number as they aged to just 1 in 5 (19%) in the over 65 group. More 30-49 year olds however intended to use their tax savings to offset cost of living than in all other groups. We also found most Australians in all age groups intended to save their tax cuts except in the 50-64 group where most intended to use them to offset living costs (33%).

Somewhat more 30-49 year olds intended to pay down debt (30%) and in the 18-29 group invest their tax savings (19%). Twice as many people under 50 (10%) intended to spend their saving on non-essentials than in age groups over 60 (5%). Interestingly, somewhat 30-49 and 50-64 (9%) year olds said their tax savings were not enough to make a difference to them than 18-29 year olds (6%) and the over 65s (7%).

By gender, the main differences related to the somewhat higher number of women who intended to save their tax cuts (39% women; 32% men), and somewhat higher number of men that planned to invest these savings (14% men; 10% women) - see table above.

### Intend to do with tax savings: income

	\$25-35,000	\$35-50,000	\$50-75,000	\$75-100,000	\$100-150,000	\$150-200,000	\$200,000+
Save it	21%	26%	33%	36%	49%	38%	40%
Use it to offset the cost of living	26%	22%	27%	35%	31%	39%	28%
Pay down debt	8%	11%	18%	24%	30%	35%	31%
Invest it	5%	7%	9%	12%	12%	19%	20%
Not enough to make a difference	10%	8%	8%	9%	6%	6%	5%
Spend it on non-essentials	3%	7%	9%	8%	10%	10%	9%
Don't know	6%	3%	3%	5%	4%	4%	3%

Income also influenced intentions.

Our survey found more Australians in income groups above \$100,000 intended to save their tax cuts than in lower income groups - ranging from 49% in the \$100-150,000 group to just 21% in the \$25-35,000 group. Interestingly, we also noted somewhat more people in the \$150-200,000 group that intended to use their tax savings to offset living costs than any other income group (39%), but also somewhat more in this group who also intended to pay down debt (35%) and along with the \$200,000+ group to invest it (19% & 20% respectively).

In comparison, only 22% in the \$35-50,000 said they intended to use their tax savings to offset the cost of living, and with lower numbers in the \$25-35,000 income group intended to pay down debt (8%), invest it (5%) or spend it on non-essentials (3%). Interestingly, the highest number of Australians that said it was not enough to make a difference was highest in \$25-35,000 (10%) and \$75-100,000 (9%) income groups and lowest in the \$35-50,000 and \$200,000+ groups (3%).

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