Matthew Smith

Sir Roland Wilson scholar

The Treasury

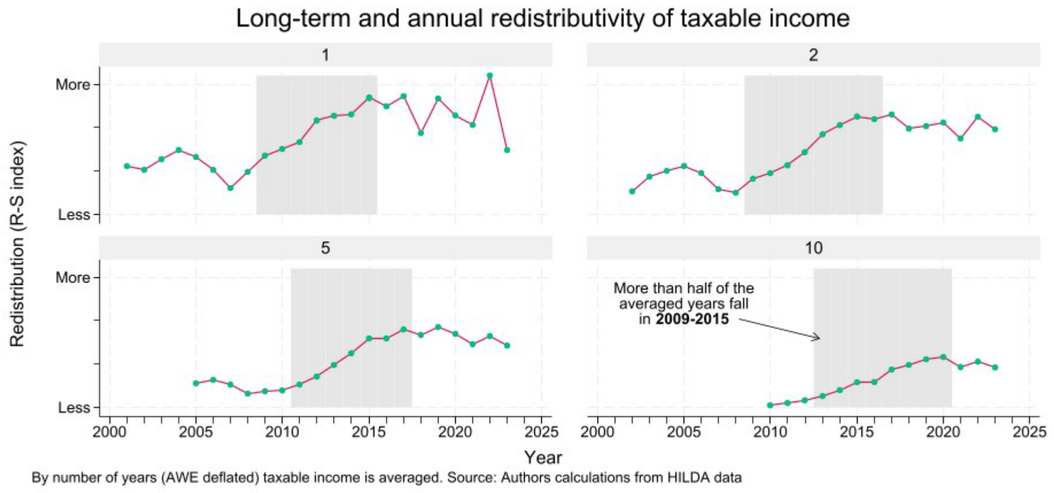
PhD title: Distributional impacts of Australia's tax and transfer system over the lifetime: a more detailed approach drawing on richer administrative data

The Australian National University

Research questions

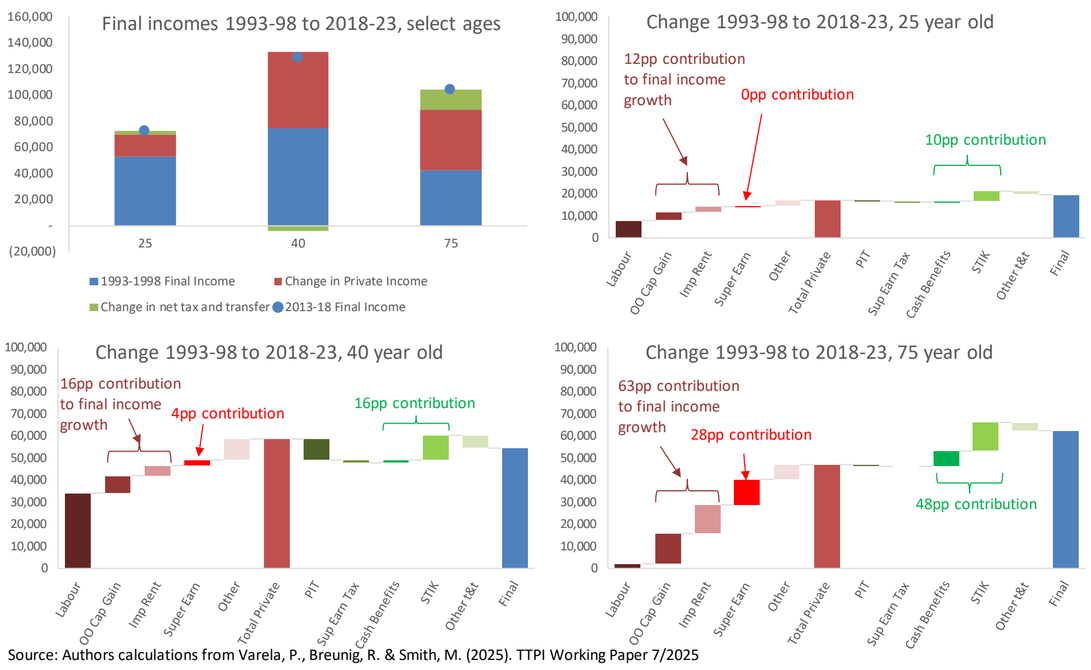
- What are the determinants of net tax and transfers over a lifetime?
- What is the estimated distribution of lifetime net taxes for Australians?
- How has the broader intergenerational contract developed over time?

Important role for policy



By number of years (AWE deflated) taxable income is averaged. Source: Authors calculations from HILDA data

An intergenerational challenge



Source: Authors calculations from Varela, P., Breunig, R. & Smith, M. (2025). TTPI Working Paper 7/2025

Preliminary findings

- Taxes in Australia redistribute from the working aged and disproportionately from those with lumpy annual incomes to asset rich elderly, distorting capital (including human capital) allocation.
- There has been a significant change in the age profile of comprehensive income in the past 30 years suggesting the system has fallen out of balance.

Benefits and future impact

- Data driven insights on intergenerational equity to meet increased focus from decision makers.
- Development of a durable tool to measure the lifetime distributional impact of policy decisions.

In five years

- Standardised lifetime distributional analysis of major policy, including for intergenerational report distributional analysis as Australia's population ages.
- A solid evidence base for root and branch tax and transfer reform.

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