

2019 Budget



With the release of 2019 Federal Budget, there's a lot of information to digest. To help you understand where you are at, we have summarised the budget to give you a better insight on key topics.

Mr Frydenberg said the Budget is "back in the black", announcing a budget surplus of \$7.1 billion, and forecasting a surplus of \$11 billion in 2020-21, \$17.8 billion in 2021-22 and \$9.2 billion in 2022-23. The Budget focuses on "restoring the nation's finances", further strengthening the economy to create more jobs and to "guarantee the essential services".

Please note that whether or not these changes necessarily become law is subject to the government and the Senate, passing legislation to approve the relevant measures.



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Personal Income Tax Changes

The Government has proposed the following changes to tax rates:

- From 1 July 2022, the Government will increase the upper threshold of the 19% personal income tax bracket to \$45,000. The rates below do not include the Medicare Levy.

RATE	CURRENT 18-22	PROPOSED 23-24
0%	0-\$18,200	0-\$18,200
19%	\$18,201-\$37,000	\$18,201-\$45,000
32.5%	\$37,001-\$90,000	\$45,001-\$90,000
37%	\$90,001-\$180,000	\$90,001-\$180,000
45%	\$180,001+	\$180,001+

- There will be an introduction to amendments to build on its legislated seven-year Personal Income Tax Plan. The proposed changes consist of:
 - amendments to the low and middle income tax offset which will increase the amount of the relief available to eligible individuals in the 2018-19 to 2021-22 income years;
 - \$41,000 to \$45,000 from 1 July 2022;
 - an increase in the low income tax offset from \$645 to \$700 from 1 July 2022.

Additionally:

- The Medicare levy low-income thresholds for singles, families, seniors and pensioners will be increased from the 2018-19 income year.
- Six more organisations have been approved as specifically-listed deductible gift recipients.
- The Government will also provide \$36.4 million over five years from 2018-19 to extend Family Tax Benefit eligibility to the families of ABSTUDY students aged 16 years and over who are required to live away from home to attend school.



Business

Some initiatives include:

- Australian Business Number (ABN) holders will be required to lodge their income tax return (from 1 July 2021) and confirm the accuracy of their details on the Australian Business Register annually to retain their ABN status (from 1 July 2022).
- The start date of amendments to Div 7A will be delayed by 12 months to 1 July 2020.
- Minor amendments will be made to the hybrid mismatch rules to clarify their operation from 2019.
- The ATO will receive funding to increase activities to recover unpaid tax and superannuation liabilities with a focus on large businesses and high wealth individuals.
- A dedicated sham contracting unit will be established within the Fair Work Ombudsman to address sham contracting behaviour by some employers.
- The instant asset write-off threshold for businesses with an aggregated turnover of less than \$10 million will be increased to \$30,000 for eligible assets that are first used, or installed ready for use, from 7.30pm (AEDT) on 2 April 2019 to 30 June 2020.
- The Government has announced funding of \$1 billion over four years for the ATO Tax Avoidance Taskforce to: expand its programs and market coverage; and increase its scrutiny of specialist tax advisers and intermediaries that promote tax avoidance schemes and strategies. This measure is expected to have a gain to the Budget of \$3.6 billion.

Superannuation

Several measures have been proposed, which are essentially designed to protect superannuation balances against erosion by fees, and which also introduce flexibility in the way that self-managed superannuation funds (SMSFs) can be used by larger groups of individuals. The measures provide initiatives which should benefit individuals in various ways.

Overview of the superannuation changes include:

- Members of regulated superannuation funds will not have to meet the work test after 1 July 2020 if they are 65 or 66 years of age.
- The restrictions on claiming the spouse contribution tax offset will be eased from 1 July 2020, giving 70 to 74-year old spouses eligibility.
- The calculation of exempt current pension income will be simplified for superannuation funds from 1 July 2020, allowing a preferred method of calculation and removal of some actuarial certificates.
- Transitional tax relief for merging superannuation funds will become permanent from 1 July 2020.
- SuperStream will be expanded from 31 March 2021 to include electronic ATO requests for release of superannuation funds and SMSF rollovers.
- An expression of interest process will be undertaken to identify options to support establishment of a Superannuation Consumer Advocate.
- \$42.1 million over four years will be provided by the Government to the ATO to increase activities in recovering unpaid tax and superannuation liabilities.

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Other

Qualifying Payments include:

- Age Pension, Carer Payment, Disability Support Pension, Parenting Support Supplement, Veterans' disability payments, War Widow(er)s Pension, and permanent impairment payments under the Military and Compensation Act 2004 and the Safety Rehabilitation and Compensation Act 1988.
- Recipients who are eligible for qualifying payments on 2 April 2019 and who are resident in Australia will receive a one off energy assistance payment of: \$75 for singles, \$125 for couples (\$62.50 per member of a couple)

Increased analytical capabilities for the ATO.

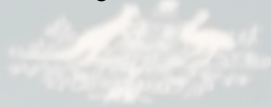
- The Government will provide \$70.0 million over two years from 2018-19 to undertake preparatory work required for the Australian Taxation Office to migrate from its existing data centre provider to an alternative data centre facility.

Single Touch Payroll Expansion

The Government has announced that it will automate reporting of employment income for social security purposes through STP.

STP data sharing arrangements with the Department of Human Services will reduce risks of overpayment of income support benefits for recipients with employers using STP.

More funding will be provided to the ATO and the Department of Veterans' Affairs to enable greater use of data collected through STP to be shared with Commonwealth Agencies



Australian Government
Australian Taxation Office

Single Touch Payroll

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As you can see from the above, there are some changes which will impact you. If you want to know more or require details about a specific topic, please call us on 9417 3511