

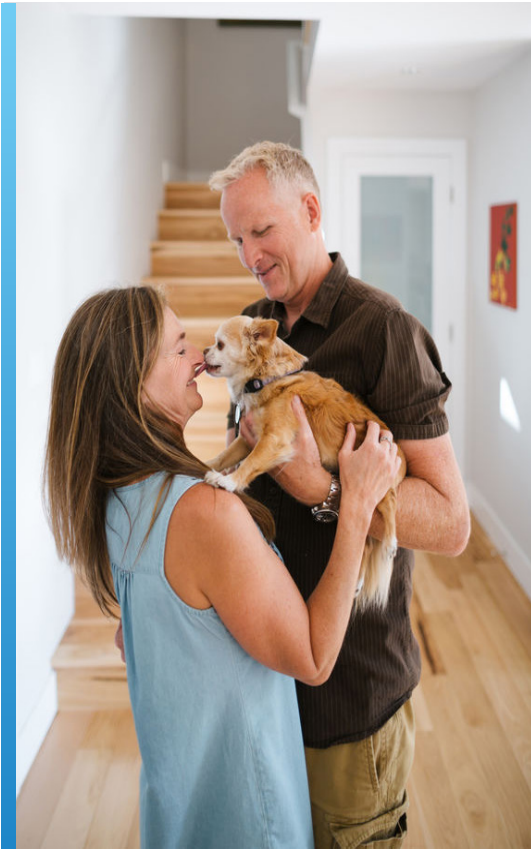
# The Federal Budget **2019-20** Insights



PART ONE

# Individuals





# Individuals

## Low and Middle Income Tax Offset

The low and middle income tax offset (LMITO) will increase from a maximum of \$530 to \$1,080 and the base amount will increase from \$200 to \$255.

For individuals with a taxable income of \$37,000 or less the impact will be eligible for an offset of \$255. The offset will then increase at a rate of 7.5 cents per dollar to the \$1,080 maximum.

Taxpayers with taxable incomes between \$48,000 and \$90,000 will receive the maximum of \$1,080. The offset will then phase down at a rate of 3 cents per dollar from \$90,000 to \$126,000.

### Summary of Range of LMITO as Follows:

Income	Current	Proposed
\$37,000	\$200	\$255
\$37,000-\$48,000	Up to \$530	Up to \$1,080
\$48,000-\$90,000	\$530	\$1,080
\$90,000-\$126,000	Up to \$530	Up to \$1,080

[See what it means for you here](#)

# Individuals

## Personal Income Tax Rates

From 1 July 2022 the top threshold for the 19 per cent personal income tax bracket will increase from \$41,000 to \$45,000.

From 1 July 2024 the 32.5 per cent marginal tax rate will reduce from 32.5 per cent to 30 percent. In addition, the 37 per cent tax bracket will be eliminated. The result will be less-tiered brackets with more tax payers with a marginal rate of 30 per cent or less.

## A Summary of Changes To Individual Tax Rates as Follows:

Rate %	2018-2019	2022-2023	2024-2025
0%	\$0 – \$18,200	\$0 – \$18,200	\$0 – \$18,200
19%	\$18,201 – \$37,000	\$18,201 – \$45,000	\$18,201 – \$45,000
30%	-	-	\$45,001- \$200,000
32.5%	\$37,001 – \$90,000	\$45,001 – \$120,000	-
37%	\$90,001 – \$180,000	\$120,001 – \$180,000	-
45%	> \$180,000	> \$180,000	> \$200,000

## Increase in Medicare Low Income Threshold

From the 2018-2019 income year the Medicare levy low-income threshold will increase from \$21,980 to \$22,398 for singles and from \$37,089 to \$37,794 for families.

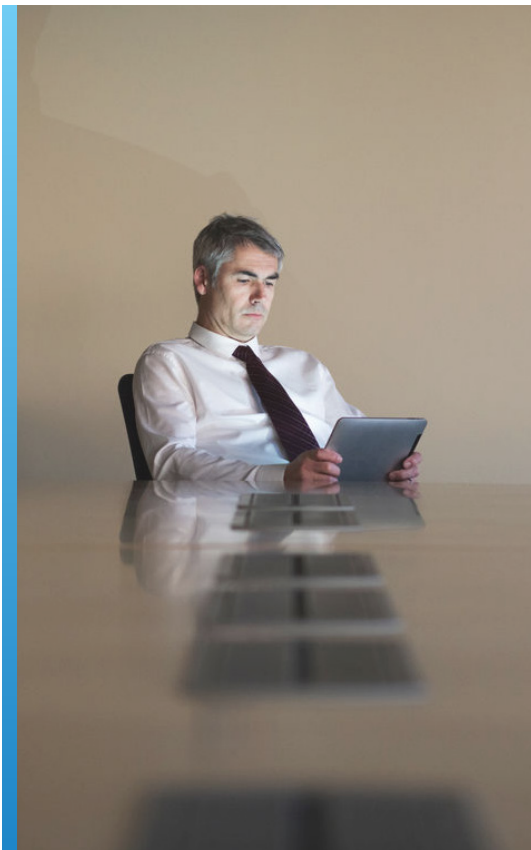
In addition, for each dependent child or student the family income threshold will increase by a further \$3,471 instead of \$3,406.

PART TWO

# Small-to-Medium Business







# Small-to-Medium Business

## Instant Asset Write-Off

The instant asset write-off will increase to \$30,000 for all assets acquired from 7:30pm on 2 April 2019 until 30 June 2020. In addition, the threshold for businesses will expand to medium sized businesses. Businesses with turnovers up to \$50 million will be able to access the instant asset write-off. However, medium sized businesses will still continue to depreciate assets costing more than \$30,000 under the normal depreciation provisions while small businesses can continue to use the simplified depreciation pools.

The increase to \$30,000 for small businesses will work in tandem with the increase of the threshold to \$25,000 as announced in January 2019.

## Summary of instant write-off thresholds as follows:

	Turnover < \$10 million	Turnover < \$50 million
1 July – 28 January	\$20,000	\$100
29 January – 2 April	\$25,000	\$100
2 April – 30 June 2020	\$30,000	\$30,000

## Division 7A

The start date for changes to the operation of Division 7A will be deferred from 1 July 2019 to 1 July 2020. This is to allow for further consultation and changes to implementation. This is due to the proposal that previously quarantined amounts will be required to be put under complying loan arrangements and repaid within 10 years.

## On-Time Payment of Superannuation

The government will provide funding of \$42.1 million over four years to the ATO to increase unpaid superannuation liabilities. This will focus on larger businesses and high wealth individuals and not extend to small businesses.



# Small-to-Medium Business

## **Australian Exporters**

The Government will provide \$61.0 million over three years from 2019-20 to support Australian businesses to export Australian goods and services to overseas markets. This will mainly be through \$60 million over three years from 2019-20 via increased funding for the Export Market Development Grants scheme to boost reimbursement levels of eligible export marketing expenditure for small and medium enterprise exporters.

## **Contracting Arrangements**

The Government will provide \$9.2 million over four years from 2019-20 (and \$2.3 million per year ongoing) to establish a dedicated sham contracting unit within the Fair Work Ombudsman to address sham contracting behaviour engaged in by some employers, particularly those who knowingly or recklessly misrepresent employment relationships as independent contracts to avoid statutory obligations and employment entitlements.

## **Expansion of Single Touch Payroll**

The Government is allocating funding to expand the data collected through single Touch Payroll. The expansion is to include more information about gross amounts and other details. The intention is to reduce the compliance burden for employers.

PART THREE

# Superannuation/Finance







# Superannuation/Finance

## Contributions

From 1 July 2020 individuals aged between 65 and 66 will be able to make concessional and non-concessional superannuation contributions without meeting the work test.

These individuals will also be able to make up to three years of non-concessional contributions under the bring-forward rule.

## Response to the Royal Commission

The Government will provide \$606.7 million over five years from 2018-19 to facilitate the Government's response to the Royal Commission. The package comprises a suite of measures that fulfil the Government's commitment to take action on all 76 of the recommendations of the Royal Commission's Final Report.

## Aged Care

The Government will provide \$320 million for a one-off increase to the basic subsidy for residential aged care recipients. \$35.7 million will be provided to increase to the dementia and the veterans' home care supplements to support home care recipients who require additional care to stay in their homes longer.

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