

## 2023-2024 BUDGET

Level 1, 102 Greenhill Road, Unley, S.A. 5061  
4A Third Street, Murray Bridge, S.A. 5263  
163 Fifteenth Street, Renmark S.A. 541  
39 Victoria Street, Victor Harbor, S.A. 5211  
Unit 2, 1 Zwerner Drive Hallett Cove S.A. 5158

For all offices

Telephone 1300 622 200 Facsimile (08) 8357 0345

P.O. Box 1236, Unley BC. S.A. 5061

### QUOTE FOR THE MONTH

*"Your mission in life should not be merely to survive, it should be to thrive."*

### 2023-24 FEDERAL BUDGET UPDATE



The Federal Government has handed down its 2023-24 Budget which outlines its economic forecasts and identifies key priorities including cost of living relief and growing the economy.

#### Personal Taxation Measures

- **Stage 3 tax cuts** – The Government did not announce any personal tax rates changes. The Stage 3 personal income tax cuts will commence from 1 July 2024 as previously legislated. From 1 July 2024 the 32.5% marginal tax rate will be cut to 30% for the \$45,000 to \$200,000 tax bracket. The 37% tax bracket will be entirely abolished at this time.
- **Medicare levy thresholds** – The Medicare levy thresholds across all categories have been increased for the 2022-23 and later income years.
- **Medicare levy exemption** – Eligible lump sum payments in arrears will be exempt from the Medicare levy for low-income taxpayers provided they satisfy the eligibility requirements for the existing lump sum payment in arrears tax offset. This change will commence from 1 July 2024.

#### Small Business Measures

- **Small business instant asset write-off threshold** - The current full expensing of assets will cease as at the 30<sup>th</sup> of June 2023 at which time the threshold will be reduced to \$20,000 for small businesses with aggregated annual turnover of less than \$10m.
- **Small business energy incentive** – Businesses with annual turnover of less than \$50m will be able to claim an additional 20% deduction on spending that supports electrification and more efficient use of energy. Eligible assets or upgrades will need to be first used or installed ready for use between 1 July 2023 and 30 June 2024.
- **Small business lodgement penalty amnesty** – Small businesses with aggregate turnover of less than \$10m will be given an amnesty which will remit failure-to-lodge penalties for outstanding tax statements lodged in the period from 1 June 2023 to 31 December 2023 that were originally due between 1 December 2019 to 29 February 2022.
- **PAYG and GST instalment uplift factor** – The GDP uplift factor will be set at 6% (rather than 12% as would otherwise apply under the statutory formula) for instalments with respect to the 2023-24 income year that fall due after the measure is legislated.

## Business Taxation Measures

- **Build-to-rent properties** – For eligible new build-to-rent projects where construction commences after 7:30 PM (AEST) on 9 May 2023, the Government will increase the rate for the capital works tax deduction (depreciation) to 4% per year and reduce the final withholding tax rate on eligible fund payments from managed investment trust (MIT) investments from 30% to 15%.
- **FBT rules for electric vehicles** – The Government confirmed that plug-in hybrid electric cars will not be eligible for the FBT exemption for electric cars from 1 April 2025.

## Superannuation Measures

- **Non-arm's length income (NALI)** – the amount of non-arm's length expenses (NALE) taxed at 45% as NALI will be limited to twice (down from a multiple of five) the level of a general expense from 1 July 2023 for SMSFs and small APRA funds. In addition, fund income taxable as NALI will exclude contributions to effectively exempt large APRA regulated funds from the NALI provisions for both general and specific expenses of the fund.
- **Super account balances above \$3m** – despite pushback from industry, the Government has confirmed its intention to apply an extra 15% tax on total superannuation balances above \$3 million from 1 July 2025, including in relation to defined benefit schemes. No further details were released so it is expected the proposed changes will operate as previously announced (i.e. unrealised gains will be subject to the extra 15% tax).
- **Payday super** – employers will be required to pay their employees' super guarantee at the same time as their salary and wages from 1 July 2026
- **Pension drawdowns:** no reduction in minimum – the Budget did not announce a further extension to 2023-24 of the temporary 50% reduction in the minimum annual payment amounts for superannuation pensions and annuities.

## Other Measures

A range of other measures designed to boost Australia's tech skills and manufacturing sector were also announced. These include: -

- A \$14.6 billion cost-of-living package.
- \$1.5 billion energy price relief.
- Help for small businesses to adopt digital technology.
- A new Small Business Energy Incentive to support investments in power-saving assets
- A \$392.4 million industry grants program for commercialisation of early-stage ventures.
- An investment of \$21.8 million to lower tax-related administrative burdens for small businesses.
- A Powering Australia Industry Growth Centre to boost manufacture of renewable technologies.
- Funding for quantum computing and AI.
- \$286 million for investment in the creative sector.
- \$3.7 billion for a five-year national skills agreement with states and territories.
- 300,000 fee-free TAFE places to train people in critical and emerging sectors.
- A new Australian Skills Guarantee to encourage more women to take-up apprenticeships.

*Please note: Many of the comments in this publication are general in nature and anyone intending to apply the information to practical circumstances should contact our offices to independently verify their interpretation and the information's applicability to their particular circumstances.*