



Insights Newsletter



FEDERAL BUDGET 2022/23



In this edition we provide an overview of aspects of the recent Federal Budget that relate to individuals, families, businesses and retirees in the Regions.

GENERAL COST OF LIVING RELIEF

Temporary reduction in fuel excise.

The Government will **temporarily** reduce the excise and excise-equivalent customs duty rate that applies to **petrol** and **diesel** by **50%** for **6 months** from Budget night. The reduction extends to all other fuel and petroleum based products except aviation fuels.



INDIVIDUALS

Low and middle income cost of living tax offset increase from 1 July 2021 to 30 June 2022

The maximum tax offset will be increased to up to \$1,500 (up by \$420) for the 2021/22 financial year and will be triggered when a personal tax return is lodged. The amount of the offset received will be based on the individuals taxable income for the 2021/22 financial year.

Tax Deductibility of Covid-19 Test Expenses From 1 July 2021

As previously announced, **work-related COVID-19** test expenses incurred by individuals and businesses will be made tax deductible.

Changes will also be made to ensure that **FBT** will **not** be payable by **employers** if they provide fringe benefits relating to COVID-19 testing to their employees for work-related purposes.

The changes for **tax deductions** will be effective from **1 July 2021**, with the **FBT changes** to apply from **1 April 2021**.

At this stage it is *not clear* whether the deduction rules will cover expenses incurred where the employee is able to *work from home*.

BUSINESSES

SMALL BUSINESSES TECHNOLOGY INVESTMENT BOOST

\$120 deduction for every \$100 spent on technology from 29 March 2022 until 30 June 2023.

The Government intends to **provide a 120% tax deduction** for expenditure incurred by *small businesses* on business expenses and depreciating assets that support their digital adoption, such as

- portable payment devices
- cyber security systems
- e-invoicing or
- subscriptions to cloud based services.

An **annual expenditure cap of \$100,000** will apply to the boost.

SMALL BUSINESS TRAINING

\$120 deduction for every \$100 spent on skills & training from 29 March 2022 until 30 June 2024

The Government intends to provide a 120% tax deduction for expenditure incurred by small businesses on external training courses provided to employees;

- delivered in Australia
- in person or online
- delivered by entities registered in Australia

We assume there will need to be a nexus between the employee's employment and the training program undertaken, although we are waiting on further details of this initiative to be released.

Both the technology boost and training deductions will be available to small business with an aggregated annual turnover of less than \$50 million.

Both the additional deductions available under this measure for the 2022 Year are expected to be **claimed in the 2023 tax return along with 2023 Year expenditure.**



LOWERING TAX INSTALMENTS FOR SMALL BUSINESSES FROM 2022-23 INCOME YEAR

Normally, **GST and PAYG instalment amounts** are adjusted using a GDP adjustment or uplift. For the 2022-23 income year, the Government is setting this **uplift factor** at **2%** instead of the 10% that would have applied.

This represents general information only.

Before making any tax or business decisions, we recommend you consult us to consider your personal investment objectives, financial situation and individual needs.

APPRENTICES

The Government announced the extension of the apprentice wage subsidy support:

- *Boosting Apprenticeship Commencements wage subsidy, and*
- *Completing Apprenticeship Commencement wage subsidy.*

Any employer (or Group Training Organisation) who takes on an apprentice or trainee **up until 30 June 2022** can gain access to:

- *50% of the eligible Australian Apprentice's wages in the **first year**, capped at a maximum payment value of \$7,000 per quarter per Australian Apprentice,*
- *10% of the eligible Australian Apprentice's wages in the **second year**, capped at a maximum payment value of \$1,500 per quarter per Australian Apprentice, and*
- *5% of the eligible Australian Apprentice's wages in the **third year**, capped at a maximum payment value of \$750 per quarter per Australian Apprentice.*



ABN INTEGRITY MEASURE DELAYED FROM 1 JULY 2022

In the 2019-20 Budget, the Government announced that Australian Business Number (ABN) holders would be stripped of their ABNs if they failed to lodge their income tax return.

In addition, ABN holders would be required to **annually confirm the accuracy of their details on the Australian Business Register.**

This measure has been deferred for 12 months, which means that the tax return lodgement obligation is due to commence from 1 July 2022 and the **annual confirmation of ABN** details to commence from **1 July 2023.**

CARBON ABATEMENT AND BIODIVERSITY STEWARDSHIP FROM 1 JULY 2022

The sale of Australian Carbon Credit Units (ACCUs) and biodiversity certificates generated from on-farm activities to be treated as **primary production income** for the purposes of the Farm Management Deposits (FMD) scheme and tax averaging from **1 July 2022.**

Eligible primary producers are those who are currently eligible for the FMD scheme and tax averaging.

QUOTE FOR THE MONTH

"Believe you can and you're halfway there"

Theodore Roosevelt

SUPERANNUATION & RETIREMENT

Superannuation Minimum Drawdown Reduction Extension: The **50% reduction** of superannuation minimum drawdown requirements for account-based pensions has been **extended until 30 June 2023**.

This has been done to ensure retirees have certainty and don't have to draw down on assets and potentially sell at a loss.

SOCIAL SECURITY

\$250 Cost of Living Payment from April 2022

A one-off \$250 'cost of living payment' will be provided to Australian resident recipients of the qualified government payments and concession card holders.

The payments are exempt from taxation and will not count as income support for the purposes of any income support payment. An individual can only receive one payment.

Pharmaceutical Benefits Scheme Lowering the Safety Net Threshold From 1 July 2022

From 1 July 2022, the Government will reduce the Pharmaceutical Benefit Scheme (PBS) Safety Net thresholds. For general patients, the PBS threshold will reduce from \$1,542.10 to \$1,457.10 and, for concessional patients, it will reduce from \$326.40 to \$244.80.

This change will result in clients **reaching** their **Safety Net sooner** each year. Once the PBS Safety Net is reached, **concessional patients** receive their PBS medicines at no cost for the **rest** of the calendar year.

General patients who reach their PBS Safety Net will only pay the concessional co-payment rate which is currently \$6.80 per prescription.



May 2021 Budget Superannuation Announcements now Law

- **Removal** of work tests for **personal** and **voluntary employer** contributions for members aged 67-75 effective **1 July 2022**
- **Requirement** for members aged 67-75 to **satisfy** a work test (or work test exemption) to **claim a deduction** for a **personal contribution** effective **1 July 2022**
- **Reducing** the **eligibility age** for downsizer contributions **from 65 to 60** effective **1 July 2022**
- **Removing** the **\$450** per month **superannuation guarantee** eligibility threshold effective **1 July 2022**
- **Maximum** amount of **voluntary contributions** that can be released under the **First Home Super Saver Scheme** **increased** from \$30,000 to \$50,000 effective **1 July 2022**

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