



Insights Newsletter



OCTOBER FEDERAL BUDGET 2022-23

With seven months before the **2023-24 Budget** released in May 2023, this Budget is a **shuffling** of the deck not a new set of cards.

As expected, this year's **second Federal Budget** had a strong focus on **families, education, health and aged care, energy and affordable housing**, not businesses.



No changes to personal income tax

The budget **did not** contain any measures announcing **changes to personal income tax**. This includes:

- **no changes** to the Stage 3 tax cuts which take effect from 1 July 2024, and
- **no extension** of the Low & Middle Income Tax Offset, which ended 30 June 2022.

Helping enable electric car purchases

For purchases of battery, hydrogen, or plug-in hybrid cars with a retail price below \$84,619 (the luxury car tax threshold for fuel efficient vehicles) after 1 July 2022, **fringe benefits tax and import tariffs will not apply**.



Note: Employers will still need to account for the cost in an employee's reportable fringe benefits.

SENIORS

Incentivising Pensioners to Downsize

The current Centrelink **asset test exemption** for **proceeds** from the **sale** of a **family home**, intended for the **purchase** of a **new home**, will be **extended** from **12 months to 24 months**.

Additionally, for **income test purposes**, only the **lower deeming rate** (currently 0.25%) will **apply** to these exempted proceeds over the **24-month period**. These changes will **allow pensioners** more **time** to **purchase, build or renovate** a **new home** before their **pension** is **affected**.

Work Bonus deposit for older Australians

Announced as an outcome from the Jobs and Skills Summit, **age pensioners** and **veterans** over **service pension age** are expected to **receive** a **one-off credit** of **\$4,000** into their **Work Bonus** income bank.

The Work Bonus typically **offsets** \$300 per fortnight of **income earned** from **employment** or **self-employment** activities, allowing pensioners to **receive** a **higher age pension** whilst **still working**.

Increased Commonwealth Seniors Health Card Income Threshold

The Government has **confirmed** its commitment to **increase** the **income threshold** for **Commonwealth Seniors Health Card eligibility** from **\$61,284** to **\$90,000** for **singles** and from **\$98,054** to **\$144,000** (combined) for **couples**.

This change will **increase** the **number** of individuals **eligible** to **benefit** from a Commonwealth Seniors Health Card.



Freezing of Deeming Rates

The Government has also **confirmed** that it will **freeze** the social security **deeming rates** at their **current levels** until **30 June 2024**.

This change will **support older Australians** who **rely** on income from deemed financial investments, as well as the pension, to deal with the **rising cost of living**.

Plan for Cheaper Medicines

From 1 January 2023, the general **patient co-payment** for **Pharmaceutical Benefits Scheme** treatments is **expected to reduce** from **\$42.50** to **\$30**.

SOCIAL SECURITY

Child care subsidy changes

As part of a package of reforms to **encourage** parents to **return** to the workforce, the **maximum** child care **subsidy** from **1 July 2023** will **increase** to **90%** for families **earning less** than **\$80,000**. For every \$5,000 earned over this threshold the **subsidy** will **reduce** by **1%** - reducing to zero for incomes \$530,000 or above.

The **higher rate** of subsidy for families with **multiple** children in care will **continue** under its **current arrangements**, ceasing once the **eldest child** reaches **six years old** or has been **out of care** for **26 weeks**.

Paid parental leave increases

Announced before the Budget, from 1 July 2024 the Paid Parental Leave Scheme will **increase** the **maximum** period of **leave** by two weeks each year – reaching a **maximum** of **26 weeks** by 1 July 2026

Further, from 1 July 2023 **both** parents will be **able** to access **leave** at the **same time** or enter into more **flexible arrangements** than currently available under the limited Dad and Partner Pay limits, and requirements to take 12 weeks as a continuous period. The **paid parental leave** income test will also be **extended** to include a **\$350,000** family income test, which can be used to **help families** who **do not** meet the **individual income test**.



SUPERANNUATION

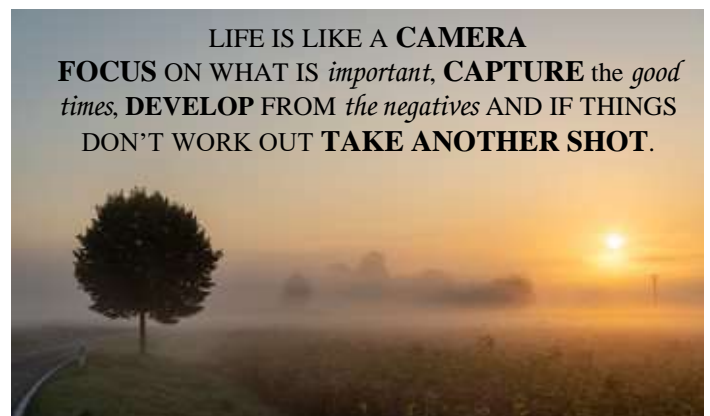
'A lot of volatility causes a lot of concern for people, but its also learning to be able to deal with it. Being alert, but not alarmed, is really important.'

Expanding eligibility to downsizer measures

Legislation has been introduced to **reduce** the downsizer **eligibility** age from **60** to **55**. This measure will take effect from the first quarter after passing into law, which is expected to be 1 January 2023.

Three-year audit cycle for SMSFs not proceeding

Originally announced as part of the 2018/19 Budget, it was **confirmed** the current Government will **not proceed** with this measure.



LIFE IS LIKE A CAMERA
FOCUS ON WHAT IS *important*, CAPTURE the *good times*, DEVELOP FROM *the negatives* AND IF THINGS DON'T WORK OUT TAKE ANOTHER SHOT.

*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.*