

2022/23 Federal Budget Summary

Treasurer Josh Frydenberg handed down the Federal Budget on Tuesday 29 March, delivering a cost-of-living package for Australians, digital support for small businesses and detailing steps to an enduring economic recovery. We have analysed the key measures below that may impact you. Please do not hesitate to contact our office on 1300 620 345 to discuss your circumstances and how we can assist you.

Tax-Related Measures

LMITO increased by \$420 for 2021-22

A one-off \$420 cost of living tax offset for the 2021-22 income year will see the low and middle income tax offset (LMITO) increased up to a maximum of \$1,500 for 2021-22 only (up from \$1,080). Importantly, the Government did not announce an extension of the LMITO beyond 2021-22 when it is legislated to cease.

Personal tax rates

No changes were made to the personal tax rates for 2022-23. The Stage 3 personal income tax cuts remain unchanged and will commence in 2024-25 as already legislated.

Small business 20% deduction boost: skills training and digital adoption

Businesses with turnover less than \$50m will receive a 20% uplift on deductions for eligible expenditure on external training courses and digital technology. The 20% boost will apply to eligible expenditure incurred from 7:30pm on 29 March 2022 until 30 June 2024 (for skills training) and 30 June 2023 (for digital adoption).

Patent box income extended

The concessional tax treatment for eligible corporate income associated with new patents in the medical and biotechnology sectors will be extended to corporate taxpayers who commercialise their: (i) eligible patents linked to agricultural and veterinary chemical products; and (ii) patented technologies which have the potential to lower emissions.

Employee share schemes

For company law purposes, the investment thresholds for unlisted companies will be changed so that ESS participants can invest up to \$30,000 per participant per year (accruable for unexercised options for up to 5 years), plus 70% of dividends and cash bonuses. Participants will also be able to invest any amount if it would allow them to immediately take advantage of a planned sale or listing of the company.

Carbon credit and biodiversity certificate income

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

Digitalising trust income

All trust tax return filers will be given the option to lodge income tax returns electronically, increasing pre-filing and automating ATO assurance processes. The measure is proposed to apply from 1 July 2024 (subject to advice from software providers).

PAYG instalments option

From 1 January 2024, companies will be allowed to choose to have their PAYG instalments calculated based on current financial performance, extracted from business accounting software (with some tax adjustments).

Taxable payments data reporting

From 1 January 2024, businesses will be provided with the option to report Taxable Payments Reporting System data on the same lodgment cycle as their activity statements, via accounting software.

Superannuation

Super pension drawdowns - 50% reduction extended to 2022-23

The temporary 50% reduction in minimum annual payment amounts for superannuation pensions and annuities will be extended by a further year to the 2022-23 income year.

Super Guarantee rate

The Budget did not contain any change to the legislated Super Guarantee rate rise from 10% to 10.5% for 2022-23.

Temporary Cost of Living Measures

Fuel excise temporary reduction

Excise and excise equivalent customs duty rate on petrol, diesel, and all other fuel and petroleum based products, except aviation fuels, will be reduced by 50% for 6 months.

\$250 cost of living payment

The Government will make a \$250 one-off cost of living payment in April 2022 to eligible pensioners, welfare recipients, veterans and concession card holders.

Apprentice wage subsidy extension

The Budget confirmed the extension of the Boosting Apprenticeship Commencement (BAC) and Completing Apprenticeship Commencements (CAC) wage subsidies by 3 months to 30 June 2022.

Housing

Home Guarantee Scheme

A\$8.6 million to expand Home Guarantee Scheme to 50,000 places per year. Up to 35,000 places per year will be available for first home buyers; Family Home Guarantee will be increased to 5,000 places per year; and a new Regional Home Guarantee will offer up to 10,000 places per year.

Health

Mental health

A\$547 million for targeted mental health and suicide prevention initiatives.

Women

A\$331 million to promote the health of women and girls, including to support the National Women's Health Strategy.

Genomics

A\$28 million to commence work to establish Genomics Australia.

Family

Paid Parental Leave

Paid Parental Leave scheme integrating existing schemes to give eligible families access to up to 20 weeks leave to use in ways that suit their specific circumstances.

Infrastructure

Infrastructure projects

A\$17.9 billion committed to road, rail and community infrastructure projects.

Regional Australia

Regional Accelerator Program

A\$2.0 billion Regional Accelerator Program will diversify growing regional economies and create jobs in new and existing industries.

Regional projects

A\$7.1 billion investment in infrastructure projects in four key regions seen as export frontiers, including in Darwin's export capacity, water infrastructure and supply chain projects in north and central Queensland, and increasing low-emissions production in Western Australia's Pilbara region.

Disaster Support

Disaster relief

Disaster relief for floods in New South Wales and Queensland expected to exceed A\$6 billion.

National security

Cyber and intelligence capabilities

A\$9.9 billion over 10 years to deliver a Resilience, Effects, Defence, Space, Intelligence, Cyber and Enablers (REDSPICE) package, which Government says will enhance the offensive and defensive cyber and intelligence capabilities of the Australian Signals Directorate (ASD).

Maritime surveillance and response

Additional \$136.7 million in 2022-23 for Australian Border Force's maritime surveillance and response capability.

Cyber crime

A\$116.8 million to increase the Australian Criminal Intelligence Commission's capacity to identify and disrupt serious criminal activity.