



bartons federal budget update.

focussing on a business-leading economic recovery after the most unpredictable year in recent history

Treasurer Josh Frydenberg delivered a Budget full of spending, with an aim of delivering tax relief and financial assistance for many Australians, including:

- low and middle income earners
- business owners
- young workers and
- social security recipients

the key proposals included:

personal tax rate changes - bring forward of "stage 2" tax relief

the proposed changes to tax rates, income thresholds and offsets are:

- the threshold of the 19% personal income tax bracket will increase from \$37,000 to \$45,000
- the threshold of the 32.5% personal income tax bracket will increase from \$90,000 to \$120,000
- the low income tax offset (LITO) will increase from \$445 to \$700
- the low and middle income tax offset (LMITO) will be retained for the 2020-21 financial year

temporary loss carry-back provisions for businesses with turnover of less than \$5 billion

- eligible businesses will be able to carry back tax losses from the 2019/20, 2020/21 or 2021/22 income years to offset previously taxed profits in 2018/19 or later income years, to help support business cash flow
- businesses with an aggregated turnover of less than \$5 billion can apply tax losses against taxed profits in the previous years noted, generating a refundable tax offset in the year in which the loss is made

temporary full expensing of eligible capital assets

- businesses with aggregated annual turnover below the relevant threshold will be able to deduct the full cost of eligible capital assets acquired from the Budget Night announcement, and first used or installed by 30 June 2022.
- full expensing in the year of first use will apply to new depreciable assets and the cost of improvements to existing eligible assets for businesses with aggregated annual turnover of less than \$5 billion
- full expensing also applies to second-hand assets for small and medium-sized businesses with aggregated annual turnover of less than \$50 million.

small business tax concessions

tax concessions to small businesses with a turnover of up to \$50 million will be added as follows:

- from 1 July 2020, eligible businesses would be able to immediately deduct start-up expenses and certain pre-paid expenditure
- from 1 April 2021, eligible businesses will be exempt from fringe benefits tax on car parking and multiple work-related portable electronic devices (such as laptops and phones)
- from 1 July 2021, eligible businesses will have simplified trading stock rules, a change to calculation of PAYG instalments and changes to excise and customs duty. A 2-year amendment period would apply for income tax returns starting 1 July 2021

superannuation reform

- when a person starts a new job and does not nominate a super fund, employers will be required to contribute to the employee's existing super fund
- the existing super account will be stapled to the member so that they keep their current super fund when they change job
- the YourSuper comparison tool will be available to make it easier for members to choose their super fund
- APRA will conduct annual benchmarking tests on the performance of MySuper products. If the fund is deemed to be underperforming over 2 consecutive annual tests, it will not be permitted to accepting new members until a further test demonstrates improved performance

jobs for young people

- a JobMaker hiring credit over 3 years for employees aged between 16 and 35, between \$100 and \$200 per week for eligible employees working a minimum 20 hours per week
- from 5 October 2020 to 30 September 2021, businesses will be able to claim a new boosting apprentices wage subsidy for new apprentices or trainees who commence during this period, reimbursed up to 50% of an apprentice's wage worth up to \$7,000 per quarter.

social security support payments

- the Government is providing 2 separate one-off economic support payments of \$250 to individuals receiving eligible income support payments or concession cards, between December 2020 and March 2021.

Please note, the Budget night announcements are only statements of intended change, and are not yet law.

We recommend speaking with your Bartons adviser to discuss how any of these changes may impact your personal situation.



Chris Waples, Managing Director