

2024–25 Federal Budget



On Tuesday 14 May, Labor handed down its third Budget. The announcements were concentrated around providing support to ease the cost of living. Below are some of the key items from the Budget and how these might apply to you if they become law.

Introduction

As widely expected, the Federal Government’s Budget for 2024-25 focused on tax cuts, cost-of-living measures to ease the pressure on Australian households, and investment in critical industries. Treasurer Jim Chalmers described it as a “responsible budget” that tried to balance cost-of-living assistance in a slowing economy without reigniting inflation. Here are a few highlights, and an explanation of what these changes could mean for you.

Tax

Stage 3 tax cuts

Stage 3 tax cuts, which take effect on 1 July 2024, will put more money in the pockets of working Australians by ensuring that everyone will get a tax cut.

How much tax could I save?

The table below compares the amount of tax payable in 2023/24 to the amount payable under the new tax rates from 2024/25. The last column shows the amount of tax saved.

Taxable income	Tax payable in 2023/24	Tax payable in 2024/25	Tax savings
\$30,000	\$1,542	\$1,188	\$354
\$45,000	\$4,767	\$3,963	\$804
\$70,000	\$13,217	\$11,788	\$1,429
\$100,000	\$22,967	\$20,788	\$2,179
\$150,000	\$40,567	\$36,838	\$3,729
\$190,000	\$56,167	\$51,638	\$4,529

Note, these amounts do not include Medicare levy.

The largest tax saving of \$4,529 applies to clients who have taxable income of \$190,000 or more. However middle-income earners also receive a substantial tax saving. For example, clients with taxable income of \$100,000 will save \$2,179 per year.

Cost-of-living

Energy price relief for 10 million households

Energy bill relief will be extended to every Australian household, with \$300 automatically credited to their electricity bills next financial year at a cost of \$3.5 billion. In the previous Budget, lower-income households were able to apply for a \$500 energy bill credit. About a million eligible small businesses will also be in line for a \$325 energy bill credit.

Social security deeming rate freeze extended

The current freeze on deeming rates, which are used to determine the amount of income a person is deemed to earn from their financial investments, will be extended for another year. This will ensure income support recipients, such as age pension recipients, will not see a reduction to their payments due to an increase in the deeming rates over the next year. It also means there will be no negative impact for Commonwealth Seniors Health Card holders and means-tested aged care recipients.

Rental assistance maximum lifted by 10%

Commonwealth Rent Assistance maximum rates will be increased by 10% from September 2024, with the government providing \$1.9 billion over five years from 2023–24 (and \$0.5 billion per year ongoing from 2028–29) to fund the measure. It is expected to help address rental affordability in the housing market.

\$3 billion to forgive student debt

About 3 million Australians with student loans are set to receive an average \$1,200 reduction in their HELP or HECS debt, at a cost of more than \$3 billion. The reduction aims to offset steep increases in student debt last year when student loans were indexed to inflation at the rate of 7.1% but wages growth remained low. For many, that meant their debt increased faster than their ability to pay it. HELP/HECS debt will now be indexed either to wages growth or to inflation, whichever is lower, and that change will be backdated to June 1 last year.

Super

Super to apply to paid parental leave

From July 2025, 12% super will be introduced on government-funded paid parental leave at a cost of \$1.1 billion over five years. Previously super was not paid on paid parental leave. This change is particularly expected to benefit women, who generally retire with less super than men often due to taking time out of their careers to raise children.

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