



# 2019 BUDGET

Treasurer Josh Frydenberg handed down the 2019/20 Budget last night, with the focus of the Budget being a plan for a stronger economy and securing a better future.

In last year's Budget, the Government commented that just as most households had to tighten their budgets over recent years, the Government was committed to doing the same. With the Budget returning to a surplus position much sooner than anticipated, the Government is now seeking to give back to Australians. Below are some of the proposed key measures.

## TAXATION

The major aspect of taxation reform centres on the Government's 'Personal Income Tax Plan'. The Personal Income Tax Plan was announced in the 2018-19 Federal Budget, and is being phased in over a seven year period.

There will be increases to the Low and Middle Income Tax Offset for this, and the next three financial years. The first set of changes implemented under the Personal Income Tax Plan, which took effect from 1 July 2018 (until 30 June 2022), was the introduction of a 'Low and Middle Income Tax Offset', valued at up to \$530 per annum. In this year's Budget, the Government has announced they will more than double the maximum benefit to \$1,080 per annum. This is still proposed to have a commencement date of 1 July 2018, which means if legislated, the benefit will flow through to eligible individuals when they lodge their tax return for the current financial year.

From 1 July 2024, there will be a reduction in the 32.5% marginal tax rate to 30%.

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## SUPERANNUATION

Superannuation was left largely untouched except for a number of adjustments to existing policies, including giving individuals greater flexibility to contribute to super. From 1 July 2020, if you are aged 65 or 66, you will be able to make additional contributions to super even if you're no longer working. This is a welcome change for many Australians looking to boost their income in retirement. It is also intended to provide an alignment to the qualification age for the age pension, which is progressively rising to age 67 (from 1 July 2023). In addition, from 1 July 2020 there will be an increased ability to make spouse contributions to super. Currently, this is only an option provided your spouse hasn't turned 70. The existing age limit will be increased to allow you to make contributions on behalf of your spouse, up to age 74.

## SMALL BUSINESS

Small business owners will also gain the benefit of a further 12 month extension (until 30 June 2020) of the ability to claim an instant asset write off for eligible assets purchased, and an increase in the write off up to \$30,000 (increased from the current level of \$20,000) from 3 April 2019.

## AGED CARE

The Government has committed to increased funding to make more aged care spaces available for Australians in the future – an important commitment for those in need.

A record \$21.6bn has been allocated towards providing higher quality aged care.

The Government will provide funding from 2018-19 over five years for the release of an additional 10,000 home care packages across the four package levels. This would bring the total of additional home care packages introduced since 2017-18 to 40,000.

## OTHER MEASURES

The Government has announced an immediate one-off payment of \$75 for individuals and \$125 per couple for eligible welfare recipients to assist with their next power bill. Keep in mind, any changes outlined in the Federal Budget must be passed by both the House of Representatives and the Senate. This means any proposed measures outlined above may not necessarily become law.

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