

# 2023 - 24 FEDERAL BUDGET



ON TUESDAY, 9TH MAY 2023, TREASURER JIM CHALMERS HANDED DOWN HIS SECOND BUDGET WHICH LOOKS TO HELP EASE LIVING PRESSURES FACING THE FINANCIAL SITUATION OF MANY AUSTRALIANS

Following on from October's budget, the Treasurer announced measures they hope will achieve targeted cost-of-living relief and investment in Government services without adding to the current inflationary environment.

With stronger than anticipated revenues, the Federal Government aims to deliver the first budget surplus in 15 years, however commentators see this to be a budget to tackle current challenges but not one to reach for future economic opportunities.

Note: These changes are proposals only and may or may not be made law.

## Superannuation

**Super Guarantee:** There were no changes made to the legislated increase in super guarantee rate which will increase to 11% at **1 July 2023**.

**Pay Day Super Contributions:** Effective **1 July 2026**, Superannuation Guarantee (SG) payments made by employers will be required to be paid on the day salaries and wages are paid.

**Transfer Balance Cap (TBC):** The TBC is due increase by \$200,000 to \$1.9m on **1 July 2023** due to indexation. While it's still possible that the government could announce a freeze to this rates before 30 June, the fact it wasn't announced in the Budget suggests the TBC will increase as expected.

**Super account balances above \$3 million:** the Budget confirmed an additional 15% tax on calculated balance increases for those with total superannuation balances above \$3 million from **1 July 2025**.

**Minimum drawdowns:** There was no announcement to the extension of the temporary 50% reduction in annual minimum pension payments. Accordingly, superannuation trustees and members will need to start planning for the additional cash flow requirements to satisfy the minimum annual payment amounts for **2023-24**.

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## Social security

**Electricity Bill Relief:** The Government has proposed to provide electricity bill relief of up to \$500 to eligible households and up to \$650 for eligible businesses from **1 July 2023 until 30 June 2024**. Eligible individuals include those who hold or receive a pensioner concession card, Health Care Card, DVA Gold Card, Commonwealth Seniors Health Card, Family Tax Benefit and Carer Allowance. States and territory governments, along with energy retailers, will deliver the rebate to eligible individuals through a reduction in their energy bills.

**Bulk Billing:** The Government has proposed to triple the incentive provided to general practitioners to bulk bill patients holding a Commonwealth concession card (such as the Pensioner Concession Card and the Commonwealth Seniors Health Card) and patients under the age of 16.

**Home Care Packages:** The Government has announced \$166.8 million for an additional 9,500 Home Care Packages for the **2023-24** financial year.

**Commonwealth Rent Assistance (CRA):** From **20 September 2023** the Government will increase the maximum rates of the Commonwealth Rent Assistance (CRA) allowances by 15 per cent to help address rental affordability challenges for CRA recipients.

**Increase to Working Age Payments:** The Government has proposed from **20 September 2023** to increase numerous working age payments by \$40 per fortnight including JobSeeker, Youth Allowance and Austudy. It was also announced that there would be a change in JobSeeker rates for singles aged 55 and over who have been on the payment for nine or more continuous months. This payment is in line with the current legislation for those aged over 60.

**Aged Care:** The government will temporarily reduce the residential aged care provision ratio from 78.0 places to 60.1 places per 1,000 people aged over 70 years. The reduction in the ratio reflects the increasing preference of older Australians to remain in their homes and will save \$2.2 billion over 3 years from 2024–25.





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## Personal Taxation

There are no changes to personal income tax rates announced other than small increases to the Medicare Levy Exemption thresholds.

## Business Taxation

**\$20,000 instant asset write-off:** The government has announced the instant asset write-off threshold of \$20,000 will apply for the **2023-24** tax year.

**Tax instalments:** The government has announced it will amend the tax law to set the GDP adjustment factor for pay as you go (PAYG) and GST instalments at 6 per cent for the **2023-24** income year, a reduction from 12 per cent under the statutory formula.

**Small business energy incentive:** The Budget papers confirmed that the Small Business Energy Incentive will provide businesses with annual turnover of less than \$50 million an additional 20% deduction on spending that supports electrification and more efficient use of energy. The maximum bonus tax deduction is \$20,000 per business.

## Home Ownership

**Home Guarantee Scheme:** The government has announced it will expand the eligibility to:

- allow two eligible people to be joint applicants for a guarantee beyond spouses and de facto partners
- allow non-first home buyers who have not owned a property in Australia for at least 10 years to access the First Home Guarantee and Regional Home Guarantee
- allow a single legal guardian of children to access the Family Home Guarantee
- allow Australian permanent residents to access the Scheme.

**Housing (build-to-rent developments):** The government has announced, for eligible new build-to-rent projects where construction commences after 7:30pm (Sydney time) on 9 May 2023 (Budget night), it will increase the capital works deduction to 4% and reduce the final withholding tax attributed to the development to 15%.

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