

# 2024 - 25

# FEDERAL BUDGET



ON TUESDAY, 14TH MAY 2024, TREASURER JIM CHALMERS DELIVERED HIS THIRD BUDGET WHICH LOOKS TO HELP EASE COST OF LIVING PRESSURES WHILST ATTEMPTING NOT TO ADD FUEL TO THE INFLATION FIRE

**Delivering their second consecutive budget surplus the Labor government aims to strike a delicate balance through the reannouncement of tax cuts, new energy bill relief and a freeze on the cost of medicines and social security deeming rates.**

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

## Income Tax

### Tax cuts for every Australian Taxpayer

As legislated the government re-confirmed the tax cuts to come into effect 1 July 2024.

Financial year 2023-24		Financial year 2024-25	
Taxable income	Tax rate	Taxable income	Tax rate
\$0 to \$18,200	Nil	\$0 to \$18,200	Nil
\$18,201 - \$45,000	19%	\$18,201 - \$45,000	16%
\$45,001 - \$120,000	32.5%	\$45,001 - \$135,000	30%
\$120,001 - \$180,000	37%	\$135,001 - \$190,000	37%
\$180,001 and over	45%	\$190,001 and over	45%

For clients eligible for the Seniors and Pensioners Tax Offset (SAPTO) and / or the Low Income Tax Offset (LITO) the new tax rates and thresholds (in combination with these offsets) increase the effective tax-free threshold (shown in the table below).

Effective tax-free threshold	2023-24	2024-25
Client not eligible for LITO/SAPTO	\$18,200	\$18,200
Client eligible for LITO	\$21,885	\$22,575
Client eligible for LITO and SAPTO (single)	\$33,089	\$34,656
Client eligible for LITO and SAPTO (couple each <sup>1</sup> )	\$29,784	\$31,006

<sup>1</sup> Does not include the provision of unused SAPTO transferrable for spouses

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## Superannuation

There were no changes to the legislated superannuation rates, however for those receiving Government Funded Paid Parental Leave for babies born or adopted on or after 1 July 2025 superannuation guarantee will be paid. From 1 July 2025 the superannuation guarantee rate will be 12%.

Contributions caps and thresholds	2023-24	2024-25
Concessional contributions (CC) cap	\$27,500	\$30,000
Non-concessional contribution (NCC) cap	\$110,000	\$120,000
General NCC cap three-year bring forward	\$330,000	\$360,000
CGT cap amount	\$1,705,000	\$1,780,000
Co-contribution lower threshold	\$43,445	\$45,400
Co-contribution higher threshold	\$58,445	\$60,400

### Division 296 tax – reducing tax concessions on super balances over \$3 million

Initially announced on 28 February 2023, the Government has since introduced the amending bill into parliament on 30 November 2023 but is not yet legislated. There was no further announcements in the budget.

## Business Taxation

**\$20,000 instant asset write-off:** The government has announced the instant asset write-off threshold of \$20,000 will be extended for the 2024-25 tax year however it should be noted the budget measure allowing for the \$20,000 instant write-off in 2023-24 has still not been passed into law.

## Energy Bill Relief

All Australian households will receive an energy rebate of \$300 and eligible small businesses will receive \$325 from 1 July.

The rollout timeframe is yet to be confirmed.





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## Social security and aged care

### Deeming rates to stay frozen in 2024-25

The 'deeming rates' that are used to assess income from financial investments (such as bank accounts, shares, and managed funds) will remain unchanged until 30 June 2025.

### Additional work flexibility for those in receipt of Carer Payment

Currently, if the carer ceases to provide care for more than 25 hours per week (including travel time and meal breaks) to participate in training, education, employment of voluntary work, eligibility for Carer Payment is reviewed to ensure that the carer is providing the required amount of care. From 20 March 2025, in endeavouring to provide carers greater flexibility and choice to structure their work commitments around their caring role, the existing 25 hour per week participation limit will be amended to 100 hours over four weeks. The participation limit will no longer apply to study, volunteering activities and inclusion of travel time in the proposed 100-hours requirement, and will only apply to employment.

### Commonwealth Rent Assistance – increase the maximum rates

The Government will provide \$1.9 billion over five years from 2023–24 (and \$0.5 billion per year ongoing from 2028–29) to increase all Commonwealth Rent Assistance maximum rates by 10 per cent from 20 September 2024 to help address rental affordability challenges for recipients.

### More home care packages

An additional 24,100 home care packages will be made available in 2024-25. These packages will provide ongoing care to help older Australians to stay in their homes for longer.

## Pharmaceutical Benefits Scheme (PBS)

The indexation of the PBS concessional co-payment will be frozen from 1 January 2025 until 31 December 2029 for pensioners and other Commonwealth concession card holders. This means the co-payment remains at \$7.70. However, the optional \$1 discount that individual chemists may provide on subsidised medications will be reduced by the notional indexation until it reaches zero. Indexation of the co-payment for all other Medicare card holders is frozen until 1 January 2026. The co-payment is indexed to inflation.

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