

2021-22 Federal Budget Summary

Changes to income tax offsets

The Low and Middle Income Tax Offset (LMITO) for Taxpayers earning less than \$126,000 per annum will remain in place for the 2021/22 financial year.

The LMITO is received as a lump sum on assessment after an individual lodges their tax return and is between \$255 - \$1,080.

The Low Income Tax Offset (LITO) will remain at \$700 and is available for taxpayers with taxable incomes under \$45,000.

Other personal income tax measures

The Medicare levy low-income thresholds will be increased for the 2020-21 year. The minimum threshold for singles is \$23,226, and for families is \$39,167.

The \$250 exclusion on self-education deductions will be removed once the legislation has been passed (likely 2021/22).

Super

No work test will be required for members of regulated super funds aged 67-74 to make non-concessional or salary sacrificed contributions from 1 July 2022. The work test is still required for access to concessional personal contributions.

The annual super contribution caps will continue to apply, as will the existing \$1.6 million cap on lifetime superannuation contributions (increasing to \$1.7 million from 1 July 2021).

From 1 July 2022, the eligibility age to make downsizer contributions into super will be reduced from 65 to 60. This allows individuals to make a one-off non-concessional contribution to their super of up to \$300,000 from the proceeds of selling their home, provided the home has been held for 10 years.

The maximum amount of contributions that can be released from super under the First Home Super Saver Scheme will be increased from \$30,000 to \$50,000.

The employer exemption from paying super to individuals earning less than \$450/month will be removed in the financial year following legislation being passed (likely 2021/22).

Small business

The unlimited instant asset write-off has been extended for another 12 months to 30 June 2023. Eligible businesses have been able to fully expense eligible depreciating assets since budget night in October 2020.

The temporary loss carry back offset will be extended for another 12 months to 30 June 2023. Eligible companies can carry back losses to offset previously taxed profits in as early as the 2019 FY.

Fuel Tax Credits

The heavy vehicle road user charge will be increased from 25.8c/L to 26.4c/L from 1 July 2021. This charge is applicable to vehicles with a GVM exceeding 4.5 tonnes.

Apprentice Wage Subsidies

The Boosting Apprenticeship Commencements wage subsidy will be expanded beyond the current cap of 100,000 places. The duration of the 50% wage subsidy will be increased to 12 months from the date of employment commencement, and businesses of any size can claim the subsidy. The subsidy remains capped at \$7,000 per quarter for 12 months.

Aged Care

A total of \$17.7 billion in funding will be provided for aged care initiatives, including additional home care packages, greater access to respite and support services, and an overhaul of current systems.

Social Security

The childcare subsidy will be increased to a maximum of 95% from 1 July 2022. The annual \$10,560 cap on childcare fee rebates will also be abolished from this date.

The base rate of certain benefits (JobSeeker, Youth Allowance, Parenting Payment and more) will increase by \$50 per fortnight from 1 April 2021. The expanded eligibility criteria for JobSeeker and Youth Allowance will also be extended for a further 3 months to 30 June 2021 for those required to self-isolate or care for others as a result of COVID-19.

Home ownership

Home ownership support will be increased with a \$782.1 million package over 4 years, including extending the current Homebuilder construction commencement requirement from 6 to 18 months, providing support for single parents with 2% home loan deposits, and extending the First Home Loan Deposit Scheme allowing first home buyers to build or buy a newly constructed home with a 5% deposit.

Other taxes

From 1 July 2021, eligible brewers and distillers will be able to receive a full remission of any excise they pay up to an annual cap of \$350,000.