

The Australian Federal Budget - 2023/24

ALL THINGS PERSONAL (INCOME TAX)

- **Your Total Super Balance is not to be so Super**

WHO - Individuals with total super balance over \$3 Million

WHAT - From 1 July 2025 earnings received on amounts over the \$3 Million will be taxed at 30%

HOW - Earnings will be calculated with reference to the difference in Total Super Balance (TSB) at the start and end of the financial year, adjusting for withdrawals and contributions. This means that the proposed additional 15% earnings tax on an individual's balance above \$3m will operate on an accruals basis and include any notional (unrealised) gains and losses

- **Not so "Nali" Self Managed Super Funds**

WHO - Self Managed Super Funds

WHAT - Fund Non Arms length Income (NALI) to be capped at twice general expense under NALE rules

HOW - The non-arm's length income (NALI) provisions in s 295-550 of the ITAA 1997, as they apply to non-arm's length expenses (NALE), will be amended to limit the income taxable as NALI to twice the level of a general expense for SMSFs and small APRA funds. Implementation date not specified, however indications were that it will take effect from 1 July 2023 - see the Budget Paper No.2 at the end of this report for further information

- **Low Income Tax offset (Unchanged)**

Low income tax offset for 2023-24 (unchanged)	
Taxable income (TI)	Amount of offset
\$0 - \$37,500	\$700
\$37,501 - \$45,000	$\$700 - ([TI - \$37,500] \times 5\%)$
\$45,001 - \$66,667	$\$325 - ([TI - \$45,000] \times 1.5\%)$
\$66,668 +	Nil

- **Low to Middle Income Tax Offset Ends**

WHO - Low to middle income earners

WHAT - Your Tax refund may be lower / tax payables slightly higher than in the past few years

HOW - The Low to Middle Income tax Offset will not extend beyond 2021/2022FY.

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• Pension Drawdowns

WHO - Retirees on pension drawdowns

WHAT - Minimum annual payment amounts

HOW - the Budget did not announce a further extension to 2023-24 of the temporary 50% reduction in the minimum annual payment amounts for superannuation pensions and annuities.

• Stage 3 Tax Cuts

WHO - Individuals paying tax

WHAT - The stage three tax cuts were legislated by the Morrison government with Labor's support after the 2019 election. Labor went to the 2022 poll promising not to reverse the policy. Stage 3 tax cuts due to take effect from 1 July 2024.

HOW - With the Treasurer stating in the Press Conference held on 2 February 2023 that his "policy hasn't changed on the stage three tax cuts....." and that he "is aware and will follow closely the constituency calling for those tax cuts to be rewritten or dumped" there was no mention that the legislated tax cuts would change... in this Budget anyway.

Refer to the full Press Conference statement below

[2 February 2023 Press Conference, Melbourne](#)

With this in mind and with no further mention of the stage three tax cuts in the Federal Budget, the below is the current future tax thresholds until such time as the Treasurer advises otherwise

Tax Rates 2022-23 and 2023-24 Financial Year		Tax Rates 2024-25 Financial Year	
Taxable income	Tax on Income	Taxable income	Tax on Income
\$0 to \$18,200	Nil	\$0 to \$18,200	Nil
\$18,201 to \$45,000	19 cents for each \$1 over \$18,200	\$18,201 to \$45,000	19c for each \$1 over \$18,200
\$45,001 – \$120,000	\$5,092 plus 32.5 cents for each \$1 over \$45,000	\$45,001 to \$200,000	\$5,092 plus 30% for each \$1 over \$45,000
\$120,001 – \$180,000	\$29,467 plus 37 cents for each \$1 over \$120,000		
\$180,001 and over	\$51,667 plus 45 cents for each \$1 over \$180,000	\$200,001 and over	\$51,592 plus 45c for each \$1 over \$200,000

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ALL THINGS BUSINESS (INCOME TAX)

• The Small Business Energy Incentive

WHO - Businesses with a turnover of less than \$50 Million

WHAT - Bonus 20% deduction on expenditure that supports electrification and more efficient use of energy. Expenditure capped at \$100,000. Max bonus deduction \$20,000

HOW - Eligible investments may include electrifying heating/cooling systems; upgrading to efficient fridges and induction cooktops; installing batteries and heat pumps. Must be first used or installed ready for use between 1 July 2023 and 30 June 2024

[Treasurer's Media Release on The Small Business Energy Incentive](#)

Speak to your accountant / bookkeeper about how to best account for this

• The Small Business Technology Incentive

WHO - Businesses with a turnover of less than \$50 Million

WHAT - Bonus 20% deduction on expenditure incurred on business expenses and depreciating assets that support their digital adoption (such as portable payment devices, cyber security systems or subscriptions to cloud-based services)

HOW - expenses and depreciating assets that support their digital adoption (such as portable payment devices, cyber security systems or subscriptions to cloud-based services). Purchased between 1 July 2022 and 30 June 2023

[ATO - The Small Business Technology Incentive](#)

Speak to your accountant / bookkeeper about how to best account for this

• The Small Business Instant Asset Write off

WHO - Businesses with a turnover of less than \$10 Million

WHAT - \$20,000 Instant Asset Write off

HOW - Immediately deduct the full cost of eligible assets costing less than \$20,000 that are first used or installed ready for use between 1 July 2023 and 30 June 2024.

• The Small Business Lodgement Penalty Amnesty

WHO - Businesses with a turnover of less than \$10 Million

WHAT - ATO will remit failure to lodge penalties for outstanding tax lodgements statements that were originally due between 1 December 2019 to 29 February 2022

HOW - Must be lodged between 1 June 2023 to 31 December 2023

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ALL THINGS BUSINESS (INCOME TAX) Continued...

• Crackdown on unpaid Superannuation Guarantee (SG) Payments

WHO - All Employers whose SG obligations are not up to date

WHAT - ATO will be actively recovering payments

HOW - ATO investing in additional resourcing to actively identify and collect unpaid SG; government setting more enhanced targets for the ATO to recover unpaid SG from employers

[Treasurer's Media Release on SG Non-Compliance](#)

• Superannuation Payments to Employees

WHO - All Employers

WHAT - Be required to pay their employees their Superannuation Guarantee at the same time as their salary and wages

HOW - effective from 1 July 2026 - so far away you say? It's only 3 years! No longer will paying your employees' super at each payroll period be a drawing card, it will be an expectation

[Treasurer's Media Release on "Payday Super"](#)

• New Rental Property Incentive Part A

WHO - Investors undertaking Build to rent projects

WHAT - Capital works deduction increase from 2.5% to 4%

HOW - Construction commences after 7:30 PM (AEST) on 9 May 2023

• New Rental Property Incentive Part B

WHO - Foreign Resident Investors in Managed Investment Trusts that are undertaking Build to rent projects where construction commences after 7:30 PM (AEST) on 9 May 2023

WHAT - Withholding Tax Rate for eligible fund payments to these investors will be reduced from 30% to 15% from 1 July 2024

HOW - Income derived from newly constructed residential build-to-rent properties after 1 July 2024 within the Managed Investment Fund

[Minister for Housing's Media Release on New Rental Property Incentive](#)

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ALL THINGS BUSINESS (INCOME TAX) Continued...

- **Crackdown on ATO Tax Debts**

WHO - All Businesses, however an initial target of taxpayers who have debts over \$100,000 and aged debts older than 2 years where those taxpayers are either public and multinational groups with an aggregated turnover of greater than \$10m, or privately owned groups or individuals controlling over \$5m of net wealth

WHAT - ATO will be actively recovering payments

HOW - ATO investing in additional resourcing to actively identify and collect unpaid Tax debt; government setting more enhanced targets for the ATO to recover unpaid Tax from individuals and entities

- **Global Minimum Tax and Domestic Minimum Tax**

WHO - Large Multinational with an annual global revenue of \$1.2 billion

WHAT - The Government will implement 2 key aspects to address tax challenges arising from digitalisation of the global economy

HOW - a 15% global minimum tax for large multinational enterprises with the Income Inclusion Rule ("IIR") applying to income years starting on or after 1 January 2024 and the Undertaxed Profits Rule ("UTPR") applying to income years starting on or after 1 January 2025. The IIR imposes top-up tax on a parent entity in respect of the low taxed income of a constituent entity, while the UTPR denies deductions or requires an equivalent adjustment to the extent the low tax income of a constituent entity is not subject to tax under the IIR; and a 15% domestic minimum tax applying to income years starting on or after 1 January 2024

EXTRA FUN FACTS - The global minimum tax and domestic minimum tax will be based on the OECD Global Anti-Base Erosion Model Rules, which are designed to ensure large multinationals (annual global revenue of \$1.2 billion or more) pay an effective minimum level of tax on the income arising in each jurisdiction in which they operate.

The global minimum tax rules allow Australia to apply a top up tax on a resident multinational parent or subsidiary company where the group's income is taxed below 15% overseas.

A domestic minimum tax will give Australia first claim on top-up tax for any low-taxed domestic income. In a small number of instances, a large multinational company's effective Australian tax rate may fall below 15%. In these instances, the domestic minimum tax applies so that Australia collects the revenue that would otherwise have been collected by another country's global minimum tax.

[ATO - Implementation of a global Minimum and Domestic Minimum Tax](#)

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ALL THINGS BUSINESS (INCOME TAX) Continued...

- **FBT Exemption on Electric Vehicles (EVs) to Cease (Sunset)**

WHO - All entities claiming the FBT exemption for EVs

WHAT - the eligibility of plug-in hybrid electric cars will sunset from 1 April 2025

HOW - Arrangements involving plug-in hybrid electric cars entered into between 1 July 2022 and 31 March 2025 remain eligible for the Electric Car Discount. It is worthy of noting that this will be formerly reviewed in 2025 to determine its effectiveness.

OTHER EXCITING ANNOUNCEMENTS & HANDY LINKS

- **No Better Time to Quit Smoking**

WHO - All tobacco smokers and tobacco outlets

WHAT - Government to raise some \$3.3 billion over four years

HOW - increase tobacco tax by 5 percent over the next 3 years

- **Single Parenting Payments**

WHO - Single parents receiving government single parenting payments

WHAT - Age Cut off of dependent children being lifted from 8 to 14 years

HOW - Effective from 20 September 2023

- **Electricity Bill Relief**

WHO - Individuals and Businesses

WHAT - up to \$500 electricity bill relief

HOW - bills subsidised by up to \$500, with the size of the assistance dependent on which state and territory the recipient lives in.

For more detailed information on the Federal Budget head to the below:

[Budget 2023-2024 Documents](#)

[Budget Paper No.1](#)

[Budget Paper No.2](#)

[Budget Paper No.3](#)

[Budget Paper No. 4](#)

[Treasurer's - \(The Hon Dr Jim Chalmers MP\) Website](#)

[Treasurer's - \(The Hon Stephen Jones MP\) Website](#)