

# The Australian Federal Budget 2024/2025

INTRODUCTION.....	2
<b>ALL THINGS PERSONAL (THE INDIVIDUAL).....</b>	<b>3</b>
Cap Indexation on HELP Debts.....	3
Increased Medicare levy low-income thresholds.....	3
Cost of Living Tax Cuts.....	4
Extension and Expansion of the Energy Bill Relief Fund.....	4
Higher JobSeeker Rate for Partial Capacity to Work.....	5
Aged Care Support.....	5
Social Security Means Testing.....	6
Freezing Social Security Deeming Rates.....	6
Commonwealth Rent Assistance Increase.....	7
Carer Payment.....	7
Women’s Budget Statement Overview.....	7
Superannuation on Government Paid Parental Leave.....	8
Strengthening the foreign resident CGT regime.....	9
<b>ALL THINGS BUSINESS (BUSINESSES).....</b>	<b>9</b>
\$20,000 Instant Asset Write-Off Extension.....	9
Small Business Initiatives.....	10
Anti-money Laundering and Counter-terrorism Financing Reform.....	11
Extension of Transitional Reporting for Charities.....	11
Modernising Digital Assets and Payments Regulation.....	12
<b>OTHER EXCITING ANNOUNCEMENTS &amp; HANDY LINKS.....</b>	<b>13</b>
Australian Taxation Office (ATO) Funding.....	13
Shadow Economy Compliance Program - Extension.....	13
Australian Taxation Office (ATO) Counter Fraud Strategy.....	14
Personal Income Tax Compliance Program - Extension.....	14
Tax Avoidance Taskforce - Extension.....	14
Workplace Relations Funding.....	15
Finance and Treasury portfolios - additional resourcing.....	15

# The Australian Federal Budget 2024/2025

## INTRODUCTION

Many members of the public have expressed disappointment with the latest federal budget, perceiving it as overly focused on the upcoming elections rather than addressing immediate concerns. In the realm of individual finances, while the government has implemented measures to ease financial burdens and enhance fairness, such as capping the indexation on HELP debts and increasing Medicare levy low-income thresholds, many feel these actions fall short of addressing broader economic challenges. Similarly, while permanent tax cuts for all Australian taxpayers and extensions to the Energy Bill Relief Fund aim to alleviate financial pressures, some critics argue that these measures may be more about political optics than genuine long-term economic stability.

On the business front, although there are extensions to the \$20,000 Instant Asset Write-Off and funding allocated to strengthen anti-money laundering and counter-terrorism financing regulations, concerns persist regarding the overall lack of support for small businesses and meaningful regulatory reform. While initiatives such as the extension of the Shadow Economy Compliance Program and the Tax Avoidance Taskforce aim to combat tax avoidance, some question whether these efforts are sufficient to address systemic issues within the tax system.

In broader governance initiatives, additional funding has been allocated to areas such as the Australian Taxation Office (ATO) for counter-fraud efforts and support for workplace relations agendas, but could we have benefited from more comprehensive reforms addressing inequalities and inefficiencies within the small business and aged care sector?

While the budget reflects the government's commitment to fostering economic resilience and social progress, there is a sense among many that it may fall short of adequately addressing the diverse needs of the Australian population.

# The Australian Federal Budget 2024/2025

## ALL THINGS PERSONAL (THE INDIVIDUAL)

### Cap Indexation on HELP Debts

Key Points	Details
Cap Announcement	HELP indexation rate capped to lower of CPI or WPI.
Backdating	Relief applies to all HELP, VET Student Loan, and other student support loans from 1 June 2023.
Benefits	Reduces debts by \$3 billion for 3 million Australians, fixing last year's spike (7.1%) and preventing future debt growth outpacing wages.

#### Background:

Government review led to recommendation 16: cap HELP indexation to CPI or WPI.

Australian Universities Accord Final Report contained recommendations for higher education reform.

#### Outcome:

Retroactively applied from 1 June 2023, reducing indexation rate from 7.1% to 3.2% in 2023 and around 4% in 2024.

Benefits all Australians with HELP debt, ensuring debt growth aligns with wage growth.

This measure aims to alleviate the burden of student debt and ensure fairness in loan repayment terms.

### Increased Medicare levy low-income thresholds

Medicare Low-Income Threshold	As of June 30, 2023	From July 1, 2023
Singles	\$24,276	\$26,000
Families	\$40,939	\$43,846
Seniors/Pensioners (Single)	\$38,365	\$41,089
Seniors/Pensioners (Family)	\$53,406	\$57,198
Dependent Child/Student	\$3,760	\$4,027

#### Key Points:

- Thresholds increased for singles, families, seniors, and pensioners from July 1, 2023.

# The Australian Federal Budget 2024/2025

- Low-income taxpayers generally exempt from paying Medicare levy if their income is below the threshold.
- Changes reflect recent CPI movements to ensure continued exemption for low-income earners.
- These adjustments aim to provide relief to low-income individuals and families by increasing the threshold for Medicare levy exemption.

## Cost of Living Tax Cuts

The Government has passed permanent tax cuts for all 13.6 million Australian taxpayers starting from July 1, 2024. These tax cuts aim to provide financial relief to Australians and improve the fairness of the tax system.

**Who Benefits:** All 13.6 million Australian taxpayers will receive a tax cut, with an average reduction of \$1,888 per year or \$36 per week.

**Background:** The Treasury Laws Amendment (Cost of Living Tax Cuts) Bill 2024 became law on March 5, 2024, modifying income tax rates for the 2024–25 financial year and beyond.

**Announcement:** Starting from July 1, 2024, the Government will:

- Reduce the 19% tax rate to 16%.
- Reduce the 32.5% tax rate to 30%.
- Increase the income threshold for the 37% tax rate from \$120,000 to \$135,000.
- Increase the income threshold for the 45% tax rate from \$180,000 to \$190,000.

## Revised Tax Rates:

Taxable Income (Tax Brackets)	Marginal Tax Rate	Tax Liability Calculation
\$0 – \$18,200	Nil	Nil
\$18,201 – \$45,000	16%	\$0.16 for each \$1 over \$18,200
\$45,001 – \$135,000	30%	\$4,288 + \$0.30 for each \$1 over \$45,000
\$135,001 – \$190,000	37%	\$31,288 + \$0.37 for each \$1 over \$135,000
\$190,001 and over	45%	\$51,638 + \$0.45 for each \$1 over \$190,000

These changes aim to provide meaningful tax relief for middle Australia without adding to inflationary pressures.

## Extension and Expansion of the Energy Bill Relief Fund

The government will allocate \$3.5 billion over three years starting from 2023–24 to extend and expand the Energy Bill Relief Fund.

All Australian households will receive a \$300 rebate on their electricity bills, and eligible small businesses will receive a \$325 rebate for the 2024–25 billing cycle.

# The Australian Federal Budget 2024/2025

The rebates will be automatically applied, with households receiving quarterly instalments starting from July 1, 2024.

Approximately one million small businesses will benefit from the rebate.

## Higher JobSeeker Rate for Partial Capacity to Work

The government plans to extend the higher rate of JobSeeker payment to single recipients who can work up to 14 hours per week, starting from September 20, 2024.

### Background:

Currently, individuals on JobSeeker payment aged 55 or older who have been receiving payments for nine consecutive months qualify for a higher payment rate.

The current JobSeeker rates are as follows:

Relationship Status	Maximum Payment per Fortnight
Single with no children	\$762.70
Single with dependent children	\$816.90
Single aged 55 or older after 9 continuous months of payments	\$816.90
Partnered (Each)	\$698.30

### Announcement:

In the 2024–25 Federal Budget, the government announced that starting from September 20, 2024, individuals with a partial capacity to work for up to 14 hours per week will qualify for the higher JobSeeker rate.

## Aged Care Support

The government plans to invest \$2.2 billion over five years starting from 2023–24 to improve aged care and implement recommendations from the Royal Commission into Aged Care Quality and Safety.

They've decided to delay the start of the new Aged Care Act until July 1, 2025.

### Background:

The government is reviewing how aged care is funded, prompted by the 2021 Royal Commission report.

Changes may affect fees for home care and residential care in the future, with existing residents and recipients likely protected under current rules.

### Announcement:

In the 2024–25 Federal Budget, the government pledged \$2.2 billion for aged care reforms and to follow through on Royal Commission recommendations. This includes adding 24,100 new home care packages. The start of the new Aged Care Act is postponed until July 1, 2025.

# The Australian Federal Budget 2024/2025

## Social Security Means Testing

### Announcement:

The government plans to allocate \$11.9 million over five years starting from 2023–24 (with an additional \$0.9 million annually thereafter) to address the effects of the Douglas decision on military invalidity payments.

This decision ensures that veterans receiving invalidity payments from certain military schemes are not negatively impacted by changes in income support payment rates due to the Douglas decision.

### Background:

In the Douglas case, the Full Federal Court determined that invalidity pensions under certain military schemes were classified as lump sum payments rather than income stream benefits.

This classification affects the taxation and timing of payments for veterans, potentially leading to adverse income tax outcomes.

In summary, the government's allocation aims to address the financial impact on veterans caused by the Douglas decision's classification of military invalidity payments.

## Freezing Social Security Deeming Rates

The government has decided to keep social security deeming rates unchanged at their current levels for another year until June 30, 2025.

### Background:

Social security payments from Centrelink and the Department of Veterans Affairs are calculated based on assumed rates of return from financial investments, rather than the actual income earned.

Examples of financial investments include bank accounts, term deposits, shares, and managed funds.

### Announcement:

The government plans to maintain the following deeming rates until July 1, 2025:

Deeming Rate	Single Pensioner	Couple
0.25%	Up to \$60,400	Up to \$100,200
2.25%	Amounts over \$60,400	Amounts over \$100,200

This means that for single pensioners, the first \$60,400 of financial investments is assumed to earn 0.25% return, and anything over that earns 2.25%. For couples, the first \$100,200 earns 0.25% and anything over that earns 2.25%. These rates will stay the same until July 1, 2025.

# The Australian Federal Budget 2024/2025

## Commonwealth Rent Assistance Increase

The government plans to raise the maximum rates of Commonwealth Rent Assistance by 10% starting from September 20, 2024.

### Background:

Individuals receiving Centrelink or Department of Veterans Affairs payments, as well as those getting family tax benefit, may qualify for rent assistance if they pay rent above a certain threshold.

Currently, the maximum fortnightly rates are \$188.20 for a single person and \$177.20 combined for a couple.

### Announcement:

The government has allocated \$1.9 billion over five years starting from 2023–24 (with an additional \$0.5 billion annually from 2028–29) to increase the maximum rates of rent assistance by 10% from September 20, 2024.

## Carer Payment

Starting from March 20, 2025, the government will increase the flexibility of Carer Payment recipients by changing the participation limit from 25 hours per week to 100 hours over four weeks.

### Background:

Currently, to qualify for Centrelink Carer Payment, caregivers must not be engaged in work, study, or training for more than 25 hours per week. This reflects the requirement that caregivers provide 'constant care' to recipients.

#### Changes in Carer Payment

- The participation limit will be extended to 100 hours over four weeks.
- This limit will no longer include study, volunteering, or travel time, only employment.
- Carer Payment recipients who exceed the participation limit or allowable temporary cessation of care days will have their payments suspended for up to six months instead of being cancelled.
- Recipients can now use single temporary cessation of care days when they exceed the participation limit, rather than the previous seven-day minimum.

## Women's Budget Statement Overview

### Priorities:

- Gender-based violence
- Unpaid and paid care
- Economic equality and security

# The Australian Federal Budget 2024/2025

- Health
- Leadership, representation, and decision making

Priority	Initiatives
Gender-based violence	- Urgent action through National Plan to End Violence against Women and Children 2022–2032
	- Establish ongoing financial support through the Leaving Violence Program
	- Increase funding for crisis and transitional accommodation for victims of domestic violence
Unpaid and paid care	- Provide financial support for women and children fleeing domestic violence
	- Increase maximum rates of Commonwealth Rent Assistance
Economic equality and security	- Deliver tax cuts for women taxpayers
	- Provide additional energy bill relief
Health	- Invest in women's health to address higher health costs faced by women
Leadership, representation, and decision making	- Introduce superannuation guarantee on Paid Parental Leave from July 1, 2025
	- Fund wage increases for aged care workers and early childhood educators
	- Launch Building Women's Careers program to boost participation in various industries

Australia's first national strategy focusing on achieving gender equality with a ten-year commitment to shift the dial on gender equality. The Women's Budget Statement now reports on government investments to implement the Working for Women strategy.

## Superannuation on Government Paid Parental Leave

**Government's Plan:** Starting from July 1, 2025, the government will pay superannuation (a retirement savings contribution) on Commonwealth government-funded Paid Parental Leave (PPL) for births and adoptions.

**Eligibility:** Parents who qualify will get an extra payment into their superannuation fund. This

# The Australian Federal Budget 2024/2025

payment will be based on the superannuation guarantee rate, which is set at 12% starting from July 1, 2025.

**Purpose:** The goal is to make parental leave more like other workplace benefits, such as annual and sick leave, and to lessen the impact of taking parental leave on retirement savings.

## Strengthening the foreign resident CGT regime

### Key Points:

The government plans to make sure foreign residents pay their fair share of tax in Australia by strengthening the foreign resident capital gains tax (CGT) regime.

The changes aim to provide more clarity about the rules and ensure foreign residents pay tax on assets with a close connection to Australian land.

### Changes Proposed:

What	Changes
Types of Assets	Clarifying and broadening the assets subject to CGT for foreign residents.
Principal Asset Test	Changing the principal asset test period from a single point in time to a 365-day period.
Notification Requirement	Requiring foreign residents selling membership interests valued over \$20 million to inform the ATO before the transaction.

### Background:

Currently, foreign residents pay CGT when selling assets linked to Australian land.

The changes will align Australia's tax laws with international standards and ensure foreign investors pay tax on relevant assets.

### Impact:

Estimated to increase government revenue by \$600 million and expenses by \$8 million over five years.

A consultation process will be conducted to finalize the implementation details of the changes.

## ALL THINGS BUSINESS (BUSINESSES)

### \$20,000 Instant Asset Write-Off Extension

#### Background:

Small business entities (SBEs) can use small business capital allowance rules if their aggregated turnover is less than \$10 million.

#### Announcement:

Tax law amendment to allow SBEs to deduct the full cost of eligible assets costing less than \$20,000 used between 1 July 2024 and 30 June 2025.

# The Australian Federal Budget 2024/2025

Assets valued at \$20,000 or more are depreciated at 15% in the first year and 30% each subsequent year.

Suspension of lockout rules until 30 June 2025 continues.

Key Points	Details
Extension	The \$20,000 instant asset write-off threshold extended by 12 months until 30 June 2025.
Eligibility	Assets valued at \$20,000 or more allocated to the small business simplified depreciation pool.
Lockout Rules	Suspension of lockout rules until 30 June 2025.

This extension aims to provide small businesses with continued support in investing in assets for growth and development.

## Small Business Initiatives

This funding aims to support various aspects of small business operations, from financial management to legal assistance and mental health support.

Objective	Support Provided
Improving payment times to small businesses	Increased resourcing for the Payment Times Reporting Regulator to deliver expanded functions, including naming slow paying businesses. Funding for fit-for-purpose ICT infrastructure.
Supporting mental health and financial wellbeing of small business owners	Extension of the NewAccess for Small Business Owners program, offering tailored, free, and confidential mental health support. Extension of the Small Business Debt Helpline.
Ensuring confidence in the franchising sector	Allocation of \$3 million to remake and enhance the Franchising Code of Conduct, promoting best practice conduct between franchisors and franchisees. Making it easier for small businesses to operate in the sector with better access to dispute resolution.
Providing small business with better access to justice	Allocation of \$2.6 million to expand the service offering of the Australian Small Business and Family Enterprise Ombudsman (ASBFEO), aiding in dispute resolution for small businesses.

# The Australian Federal Budget 2024/2025

## Anti-money Laundering and Counter-terrorism Financing Reform

The government will allocate \$168.0 million over four years starting from 2024–25 to enhance Australia’s Anti-Money Laundering and Counter-Terrorism Financing Act 2006, aiming to improve the detection and disruption of illicit financing.

Entity	Funding Allocation	Purpose
AUSTRAC	\$160.8 million over two years from 2024–25	Expand regulatory, intelligence, and data capabilities and provide guidance to newly regulated entities
Attorney-General’s Department	\$7.0 million over four years from 2024–25	Support implementation of legislative reforms, provide policy and legal advice, and conduct capacity building in the Pacific

### Background:

The Attorney-General’s Department conducted consultations on proposed reforms to modernize Australia’s anti-money laundering and counter-terrorism financing regime.

There were 142 submissions supporting reforms, including simplification and modernization of the regime and regulation of certain high-risk services provided by professionals like lawyers, accountants, etc.

### Notes:

- Funding from 2025–26 will be held in the Contingency Reserve until legislative reforms are passed.
- Partial funding will come from the Confiscated Assets Account under the Proceeds of Crime Act 2002.
- This measure builds upon the Strengthening Australia’s Anti-Money Laundering Framework initiative from the 2023–24 Budget.

## Extension of Transitional Reporting for Charities

The government will extend the current charity transitional reporting arrangement for five years.

### Updates to Specifically Listed DGRs:

# The Australian Federal Budget 2024/2025

Organization	Gifts Received Period
The Hillview Foundation Australia Limited	July 1, 2024 - June 30, 2029
Skip Foundation Ltd	July 1, 2025 - June 30, 2030
Combatting Antisemitism Fund Limited	July 1, 2025 - June 30, 2030
Australian Muslim Advocacy Network's AMAN Foundation Ltd	DGR status approved

## Removal of Specifically Listed DGRs:

Organization
Don Chipp Foundation Ltd
Ian Clunies Ross Memorial Foundation
Ian Thorpe's Fountain for Youth
Layne Beachley – Aim for The Stars Foundation Limited
National Congress of Australia's First Peoples Limited
Sir William Tyree Foundation
SouthCare Helicopter Fund Pty Limited
The Lingiari Policy Centre Limited

## Modernising Digital Assets and Payments Regulation

The government will allocate \$7.5 million over four years starting from 2024–25, with \$1.5 million per year ongoing, to modernise regulatory frameworks for financial services. This aims to enhance competition and consumer protections for services enabled by new technology.

Initiatives	Funding Allocation
Develop and consult on legislation	Licensing and regulation of platforms holding digital assets, exploring Central Bank Digital Currencies, asset tokenisation, and decentralised finance
Introduce a new regulatory framework	For payment service providers, including digital wallets and electronic stored value providers, licensing, and mandated ePayments Code

The government will assess future funding needs to implement proposed reforms based on the

# The Australian Federal Budget 2024/2025

development of legislation. These efforts aim to create a more robust regulatory framework that adapts to the evolving landscape of digital assets and payments, ensuring better competition and consumer protections.

## OTHER EXCITING ANNOUNCEMENTS & HANDY LINKS

### Australian Taxation Office (ATO) Funding

The government will allocate various amounts of funding to the ATO for different purposes:

Purpose	Funding Allocation
Ensuring compliance of child care providers	\$4.8 million over four years (from 2024–25)
Operating and improving Digital ID (myGovID)	\$155.6 million over two years (from 2024–25)
Conducting a data-matching pilot	\$1.9 million in 2024–25
Overseeing and operating the secure eInvoicing network	\$23.3 million over four years (from 2024–25)

These funds will support various initiatives aimed at ensuring compliance with tax laws, improving digital services for citizens and businesses, and combating exploitation and fraud in the labour market and migration system.

### Shadow Economy Compliance Program - Extension

- The government will extend the ATO Shadow Economy Compliance Program for two years starting from July 1, 2026.
- This extension aims to reduce shadow economy activity, protect revenue, and prevent non-compliant businesses from undercutting competition.
- The extension is estimated to:
  - Increase receipts by \$1.9 billion
  - Increase payments by \$610.2 million over 5 years (from 2023–24)
  - Include an increase in GST payments to the states and territories by \$429.6 million.

# The Australian Federal Budget 2024/2025

## Australian Taxation Office (ATO) Counter Fraud Strategy

Aspect	Details
<b>Objective</b>	Strengthen ATO's ability to detect, prevent, and mitigate fraud in tax systems
<b>Funding</b>	\$187 million over four years from July 1, 2024
<b>Components</b>	- \$78.7 million for technology upgrades   - \$83.5 million for a compliance taskforce   - \$24.8 million for management and governance improvements
<b>Enhancements</b>	Extending ATO's time to notify taxpayers about retaining BAS refunds for investigation to 30 days
<b>Impact</b>	Estimated increase in receipts by \$302.2 million and payments by \$187.4 million over five years (from 2023–24)

This budget allocates \$187 million over four years starting July 1, 2024, to strengthen the Australian Taxation Office's (ATO) capability in combating fraud within tax and superannuation systems. Funding will cover technology upgrades, a new compliance taskforce, and enhancements in management and governance. Additionally, the ATO's notification period for retaining BAS refunds will extend to 30 days to improve fraud detection, with estimated impacts of increased receipts and payments over five years.

## Personal Income Tax Compliance Program - Extension

- **Program Extension:** The ATO Personal Income Tax Compliance Program will be extended for one year from July 1, 2027.
- **Purpose:** This extension allows the ATO to keep working on issues like incorrect income reporting and excessive deduction claims. It helps tackle new challenges, like deductions for short-term rental properties.
- **Financial Impact:** The extension is expected to increase government revenue by \$180.3 million and government spending by \$44.3 million over five years, starting from 2023–24.

## Tax Avoidance Taskforce - Extension

- **Taskforce Extension:** The ATO Tax Avoidance Taskforce will be extended for two more years, starting from July 1, 2026.
- **Purpose:** The taskforce aims to stop, find, and deal with tax avoidance. It targets big businesses and wealthy individuals who try to avoid paying their fair share of tax.
- **Background:** Started in 2016, the taskforce has already helped the ATO collect \$32.7 billion

# The Australian Federal Budget 2024/2025

in owed taxes. Extending it means the ATO can keep chasing down tax dodgers, especially big companies and wealthy people.

- **Financial Impact:** Extending the taskforce is expected to bring in \$2.4 billion more in tax revenue and increase government spending by \$1.2 billion over five years, starting from 2023.

## Workplace Relations Funding

- **Government's Plan:** The government will invest more money over four years starting from 2024–25 to support its workplace relations agenda.
- **Unpaid Superannuation:** They will start chasing unpaid superannuation money owed by businesses that have gone bankrupt or into liquidation, starting July 1, 2024.
- **Fair Entitlements Guarantee Recovery Program:** This program helps workers get their entitlements when their employer goes broke. They'll make changes to help recover unpaid superannuation money.
- **Productivity Fund:** \$60 million will go into this fund to help boost workplace productivity through practical activities and cooperation between employers and workers. It will also help implement new policies like payday superannuation.
- **Fair Work Ombudsman:** They'll give \$27.5 million over four years (plus \$7 million every year after) to the Fair Work Ombudsman to make sure big companies follow the Fair Work Act. Another \$20.5 million over four years (plus \$5.1 million every year after) will help small businesses follow new workplace laws.

## Finance and Treasury portfolios - additional resourcing

- **Government's Plan:** They're giving extra money over four years starting from 2024–25 to help with various tasks in the Finance and Treasury departments.
- **Superannuation:** Some of this money will go towards making sure that people in Commonwealth defined benefit superannuation schemes get fairer superannuation concessions. They'll also support the SuperStream Gateway Network Governance Body, which helps manage the integrity of the Superannuation Transaction Network.

Task	Amount	Duration
Implementing Better Targeted Superannuation Concessions	\$9.2 million (initial), \$1.1 million/yr	Four years from 2024–25
Supporting SuperStream Gateway Network Governance Body	\$2.7 million (initial), \$0.7 million/yr	Four years from 2024–25

# The Australian Federal Budget 2024/2025

This funding will help ensure fairer superannuation concessions and maintain the integrity of the Superannuation Transaction Network.

## Sources:

Budget Paper No. 2

Women's Budget Statement

Government Media Release: Boosting Australia's anti-money laundering and counter-terrorism financing regime, dated 6 May 2024

Treasurer's Media Release: New power bill relief, dated 14 May 2024

Treasurer's Media Release: Paying super on Government Paid Parental Leave to enhance economic security and gender equality, dated 7 March 2024

Budget 2024–25 Small Business Fact Sheet

Prime Minister's Media Release: Investing in a future made in Australia, dated 14 May 2024

Minister of Education's Media Release: Cutting student debt for more than three million Australians, dated 5 May 2024

Australian Government, Australian Universities Accord, Final Report