

# THE INTROVERT BUDGET

Caratti Accountants & Business Advisors



The 2024 Federal Budget has now been released, with a primary focus on individuals and targeted spending on "Future Made in Australia" funding. There is a clear focus within Australia and the budget has far less of a global feel. Generally, there is comparatively little in the budget for small business. The one area that continues to gain an ever-increasing share of the budget pie is ATO resources which have again been bolstered with an additional \$288M. As usual with the budget, the devil is in the detail though .....

## PAY RISES TO ALL!

From 1 July 2024, we will all be receiving a pay rise in the form of tax cuts. This is in addition to the increase in SGC to 11.5%, that will also commence at that time. The current individual tax rates are:

TAXABLE INCOME	CURRENT TAX RATES TO 30 JUNE 2024
Up to \$18,200	0
\$18,201 to \$45,000	19%
\$45,001 to \$120,000	32.5%
\$120,001 to \$180,000	37%
From \$180,001	45%

The new rates from 1 July 2024 are:

TAXABLE INCOME	TAX RATES FROM 1 JULY 2024
Up to \$18,200	0
\$18,201 to \$45,000	16%
\$45,001 to \$135,000	30%
\$135,001 to \$190,000	37%
From \$190,001	45%

So what does this actually mean to you? The following table shows the \$\$ value to you.

TAXABLE INCOME	TAX LIABILITY FY24	TAX LIABILITY FY25	TAX REDUCTION
\$100,000	\$22,967	\$20,788	\$2,179
\$150,000	\$40,567	\$36,838	\$3,729
\$200,000	\$60,667	\$56,138	\$4,529

## ENERGY SAVINGS

There will be savings on our electricity bills as follows:

- All households will receive a rebate on their energy bills of \$300. Taken with the recent WA state budget which provided for a further \$400 for each household, we will all have \$700 off our energy bills in the coming year.
- Eligible small businesses will also receive a \$325 rebate plus a WA government \$400 rebate. No clear explanation of how "small business" is to be defined though!



## BUILDING A SKILLED WORKFORCE

For those with a connection to either the VET or university sector, there have been a raft of changes announced. These include:

- Capping the increase to HECS debts by limiting the annual increase of student debts to the lower of CPI and the Wage Price Index. This will benefit all with a HELP debt and prevent growth in debt from outpacing wages in the future. This will apply to loans that existed from 1 July 2023 and will be a welcome relief to those with large debts. This will decrease the annual increase in the debt by:
  - i) 2023 year (to 3.2% from 7.1% increase)
  - ii) 2024 year (to 4% from 4.7% increase)For someone with an average HECS debt of \$26,500, this will reduce your debt by \$1,200. This measure is likely to cost the government \$3B.
- There will be \$90m allocated for 15,000 fee free VET and TAFE places in relation to housing and construction skills to help build more homes.
- For those studying nursing, teaching or social work that are required to do significant practical work, there will be a new means-tested practical payments from 1 July 2025.
- International student numbers will be capped and linked to universities being able to house these students.



## FAMILY AND AGED CARE

Measures include:

- For births after 1 July 2025, those on Government paid parental leave will also receive superannuation. As employers have to administer this, there will be some funds allocated to employers to assist them in this process.
- To help reduce the current waiting list (those of you involved in this system will know all about it!), there will be a further 24,100 additional home care packages made available.

## SMALL BUSINESS

In reality, there isn't much in the budget for small business apart from the extension of the \$20,000 small business instant asset write off to 30 June 2025. Each individual asset valued at \$20,000 or less will be eligible for the write-off, allowing small businesses to claim deductions for multiple assets. Assets valued at \$20,000 or higher can still be depreciated gradually over time.

They should just make this permanent!!

## FOREIGN RESIDENTS

There has been an extension of the foreign resident capital gains tax ("CGT") regime for events after 1 July 2025 that will:

- Broaden the types of assets that foreign residents are subject to CGT on and
- Require foreign residents selling shares over \$20 in value to notify the ATO PRIOR to them selling them.

## RENEWABLES SPENDING (FOR A SELECT FEW!)

In an effort to drive investment in renewable energy, the government's new "Future Made in Australia" policy will invest \$22.7B into various renewable energy projects. These investments include:

- \$2B Hydrogen head start scheme
- \$1B Solar Sunshot programme
- \$1B supply Germany 100 Infantry
- \$840M Arufura Rare earths mine
- \$566M Geoscience Australia mapping
- \$400M Gladstone Alumina processing
- \$230M Liantown Resources lithium
- \$185M Renascor graphite project

Most of this funding commences from the 2027-2028 year.

Given WA's share of mining, certain key players in WA (think Hydrogen and Andrew Forrest and FMG) are to benefit significantly from these investments which will hopefully flow into the WA economy.

## WATCH OUT FOR MORE \$\$ TO THE ATO

It wouldn't be a federal budget without an increase in the funding and powers of the ATO. These include:

- A staggering \$288M to improve, secure and extend digital ID and associated services. So if you thought the digitalisation process was going away, think again!
- \$44M to extend personal tax compliance programs with a focus on deductions on short term rental properties, eg air BnB.
- The ATO will now have the power to hold onto BAS refunds for 30 days, instead of 14 days
- The ATO now has additional powers to decide whether or not to apply refunds to old tax debts.
- ASIC will be receiving additional funding BUT this will be through an ability to charge users more for their services so we will all pay. Expect an increase in your company annual return costs!



## AND IF ALL THIS MAKES YOU WANT TO LEAVE THE COUNTRY IN A HURRY?

The Government will now establish new fast-track processing of passports from 1 July 2024 which will allow passports to be processed within 5 business days! You just need to pay an additional \$100! So, you can get out of here faster!

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