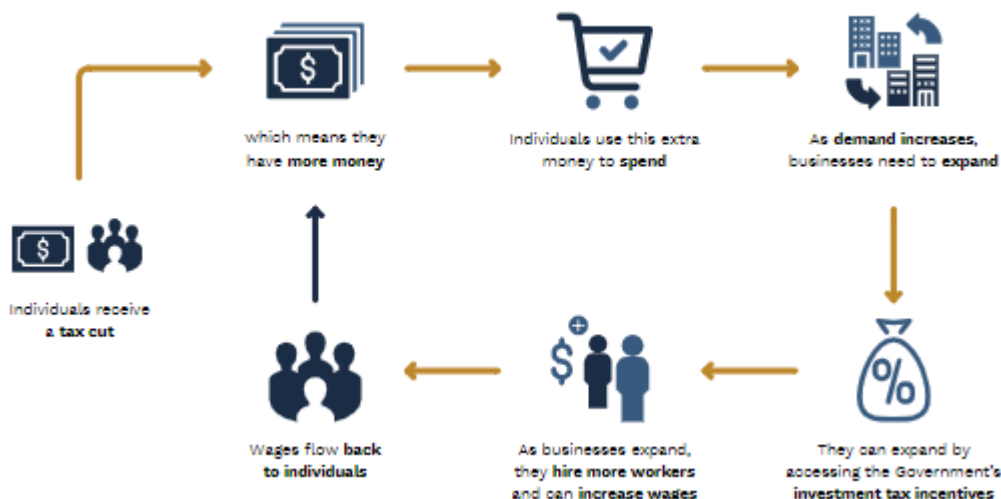


2020 Federal Budget Summary

The 2020 delayed federal budget was last night handed down. The budget is still subject to Senate approval, so until items are passed by the Senate nothing is set in stone – and finer details will emerge over time.

There is a lot of expenditure in the budget, a lot which will not impact many of you directly, but is aimed at stimulating employment and expenditure and then this should flow through to increased opportunities for businesses generally.

Virtuous cycle of the economy



We have kept this summary of tax changes to what may have a direct impact on most of you.

Individuals

Individuals will benefit from the tax cuts which were due to come in from 1 July 2022 being brought forward (and backdated to 1 July 2020).

Tax scales are changing:

Tax Rate (excl Medicare)	Threshold	New Thresholds
0.0	0 – 18,200	0 – 18,200
19.0	18,201 – 37,000	18,201 – 45,000
32.5	37,001 – 90,000	45,001 – 120,000
37.0	90,001 – 180,000	120,000 – 180,000
45.0	180,000 ->	180,000 ->

The tax cuts will apply as soon as the Senate has approved this section of the budget and the new tax tables are provided to the payroll software companies. This is expected to be within weeks. The impact of the backdating will be that most taxpayers will have excess tax deducted in the early part of the year which may lead to larger refunds when lodging your 2021 tax returns.

To provide a benefit to those on the lower incomes, the Low-Income Tax Offset (LITO) and Low- and Middle-Income Tax Offset (LAMITO) threshold will also increase to \$45,000.

Aged Pensioners will receive two additional payments of \$250 (in December and March).

2020 Federal Budget Summary

Business

Tax Losses clawback – Companies will be allowed to carry back tax losses from the 2020, 2021 or 2022 income years to offset previously taxed profits made in or after the 2019 income year.

This will allow companies to generate a refundable tax offset when they lodge their tax returns for 2021 or 2022 income years.

Tax Instant Asset Write off – Any eligible assets purchased from 7th October 2020 to 30 June 2022 can now be written off in full (vehicle asset depreciation limits and private use proportions will still apply). The previously announced \$150,000 write off still applies for the period up to 7th October 2020.

JobMaker hiring credit – for employing someone currently on Jobseeker aged 16-35 for over 20 hours per week. \$200 per week for those under 30 and \$100 per week for those over 30. New jobs created until 6 October 2021 will attract the credit for up to 12 months from the date the new position is created. This has strict eligibility criteria, including a requirement that the employment must create a net increase in overall employment numbers for the entire period.

Boosting Apprenticeship Commencements - From 5 October 2020 to 30 September 2021, eligible businesses will now be reimbursed for 50% wage of an apprentice or trainee's wages up to \$7,000 per quarter.

Superannuation - There was no change made to the currently legislated increase in the Superannuation Guarantee Charge from 9.5% to 10% to commence on 1 July 2021.

Research and Development - Expansion of the R&D funding with increases in the tax refund thresholds with previous proposed cuts removed.

Victorian Grants - If you have received one of the recent business support grants from 13 September 2020 through to 30 June 2021, this will now be tax free (non-assessable and non-exempt income). Similar treatment will occur if similar grants occur subsequently in other states.