

Budget Wrap 2023

Tuesday 9th May 2023



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Budget Overview

The 2023 Federal Budget focuses on providing cost of living relief through lower power bills, higher welfare payments and more support for small business and housing.

Note: These changes are proposals only and may or may not be made law.

Cost of living

Energy bill relief:

An electricity bill credit of up to \$500 will be available in 2023/24 for:

- Pensioners
- Commonwealth Seniors Health Card holders and other concession card holders
- Recipients of Carer Allowance and Family Tax Benefit A and B
- Veterans, and those eligible for existing State and Territory electricity concession schemes.

Eligible small businesses will receive a credit of up to \$650. The amount of the credit will vary depending on the location, with no further details revealed in the Budget.

Pharmaceutical Benefits Scheme changes:

Individuals will be allowed to buy twice as many common medicines for the price of one script under changes to the Pharmaceutical Benefits Scheme from 1 July 2023. This will allow a patient access to 60 days worth of medicine for each script.

The change will save general patients up to \$180 a year per subsidised prescription. Concession card holders are expected to save up to \$43.80 a year per medicine.

Increased bulk billing:

Children under the age of 16, pensioners and other Commonwealth concession cardholders will have increased access to free healthcare under this measure, with bulk billing incentives being tripled for the most common consultations. This includes face-to-face, telehealth and video conference consultations.

Household energy upgrades:

A number of low-cost loans will be provided to access energy-saving home upgrades, such as battery-ready solar panels, modern appliances and other energy efficiency improvements.

This flyer is taken from the Budget summary sources: www.budget.gov.au and published by Warringal Financial Services. The information contained in this flyer is based on our interpretations of announcements made "Budget Night" Tuesday 9th May 2023.

Any advice in this communication has been prepared without taking account of your objectives, financial situation or needs. Because of this you should, before acting on any advice in this communication, consider whether it is appropriate to your objectives, financial situation and needs.

Superannuation

Better targeted superannuation concessions:

The Government will reduce tax concessions on certain superannuation accounts for individuals with a 'total super balance' (TSB) of more than \$3 million (unindexed). The earnings on any balance that exceeds the \$3 million threshold will be subject to an additional tax of 15% (up to 30% in total).

Individuals with a TSB less than \$3 million will not be impacted by this change, and investment earnings on the accumulation balance will continue to be taxed at the maximum rate of 15%.

Increasing the payment frequency of employer super payments:

Employers will be required to pay their employees' super at the same time as their salary and wages from 1 July 2026.

Social security

Increase to working age payments:

The fortnightly rate of JobSeeker Payment and certain other benefits will increase by \$40 (\$1,040 pa) on 20 September 2023.

The minimum age for the higher rate of JobSeeker Payment will also reduce from age 60 to 55 and over for those who have received the payment for nine or more continuous months. Single recipients aged 55 to 59 with nine continuous months on payment will receive an extra \$99.40 pf as a result of both changes.

Increasing Rent Assistance:

The maximum rates of Rent Assistance will increase by 15% on 20 September 2023. This will provide recipients with up to \$31 extra per fortnight.

Increase to Home Care packages:

As part of a package to improve the in-home aged care system, the Government will increase the number of Home Care packages by 9,500 in 2023/24. This may help reduce the wait time for individuals who are waiting for a package to be assigned to them.

Personal taxation

No changes to personal income tax:

The Budget did not contain any measures announcing changes to personal income tax.

This includes:

- no changes to the Stage 3 tax cuts which will take effect from 1 July 2024, and
- no extension of the Low and Middle Income Tax Offset, which ended 30 June 2022.

Increasing the Medicare levy low-income thresholds:

The Government will increase the Medicare levy low-income thresholds for singles, families and seniors or pensioners from 1 July 2022. This means low-income earners will be able to earn more income before being liable to pay Medicare levy.

Small business taxation

Small Business Energy Incentive:

Small businesses with an annual turnover of less than \$50 million may receive an additional 20% deduction on spending that supports electrification and more efficient use of energy.

Up to \$100,000 of total expenditure will be eligible for the incentive, with the maximum bonus tax deduction being \$20,000 per business. Eligible assets or upgrades will need to be first used or installed and ready for use between 1 July 2023 and 30 June 2024.

Examples of eligible assets include electrifying heating and cooling systems, upgrading to more efficient fridges and induction cooktops, and installing batteries and heat pumps.

\$20,000 instant asset write-off:

Small businesses with an annual turnover of less than \$10 million will also be eligible to immediately deduct the full cost of eligible assets costing less than \$20,000 for assets that are first used or installed ready for use between 1 July 2023 and 30 June 2024.

Small businesses can instantly write off multiple assets as the \$20,000 threshold will apply on a per asset basis.

Housing

Changes to eligibility for home buyer guarantee schemes:

From 1 July 2023, joint applications may be made by friends, siblings and other family members under the First Home Guarantee and the Regional First Home Buyer Guarantee. Non-first home buyers who have not owned a property in Australia in the last ten years will also be eligible.

Eligibility for the Family Home Guarantee is also expanding to include eligible borrowers who are single legal guardians of children such as aunts, uncles and grandparents.

The number of guarantees available and other eligibility criteria are unchanged.

Any questions?

If you have any questions, please speak with us so we can help you to understand how these proposed changes could apply to you

Warringal Financial Services



PROFESSIONAL PRACTICE
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