



Please find below a summary of the some of the more relevant budget announcements that affect taxation.

2017/2018 individual tax rates

Taxable income range	Marginal tax rate
\$ 0 - \$18,200	0%
\$ 18,201 - \$37,000	19%
\$ 37,001 - \$87,000	32.5%
\$ 87,001 - \$180,000	37%
\$180,001 +	45%

These rates exclude the 2% Medicare Levy.

The effective top personal marginal tax rate is 47% including the Medicare Levy.

Medicare Levy increase

From 1 July 2019, the Medicare Levy will increase from 2.0% to 2.5%.

HELP debts

From 1 July 2018, the minimum repayment threshold and rate will be reduced from \$55,874 and 4% (2017-2018) to \$42,000 and 1% (the maximum repayment threshold and rate will be increased from \$103,766 and 8% to \$119,882 and 10%).

From 1 July 2019, the indexation of HELP repayment thresholds, currently linked to Average Weekly Earnings (AWE), will be changed to align to the Consumer Price Index (CPI).

Small business asset deductions

From 12 May 2015 to 30 Jun 2018 (extended), small business entities (with a turnover of less than ten million dollars) will be able to immediately write off each eligible business asset they buy costing less than \$20,000 per asset (up from \$1,000).

Rental property deductions

From 9 May 2017, new property owners will not be able to claim a depreciation deduction for plant & equipment purchased by a previous owner (typically, an investor obtains a tax depreciation report from a quantity surveyor that enables them to claim these deductions). Existing property owners will be able to continue to claim these deductions on properties purchased prior to this date.

From 1 July 2017, the Government will not allow deductions for travel expenses related to inspecting, maintaining or collecting rent for a residential rental property.

Increased CGT discount for investments in affordable housing

From 1 January 2018 the CGT discount for individuals will be increased from 50% to 60% for gains relating to investments in qualifying affordable housing (managed through a registered community housing provider and held for a minimum period of three years).

GST on property transactions

From 1 July 2018, purchasers of newly constructed residential properties (or new subdivisions) will be required to remit the GST directly to the ATO as part of settlement (currently the purchaser pays the GST to the vendor who then remits it to the ATO as a part of their BAS obligations).

Employee superannuation

From 1 July 2017, the super guarantee rate will remain at 9.50%.

2020/2021	9.5%	2023/2024	11.0%
2021/2022	10.0%	2024/2025	11.5%
2022/2023	10.5%	2025/2026	12.0%

Superannuation concessional contribution limits

From 1 July 2017, concessional contribution limits will be reduced to \$25,000 for all individuals (but individuals with superannuation balances of less than \$500,000 will be allowed to carry forward any unused limit amounts for five consecutive years on a rolling basis).

Year	Under 50	50 and over
2016/2017	\$30,000	\$35,000
2017/2018	\$25,000	\$25,000

Superannuation non-concessional contribution limits

From 1 July 2017, the non-concessional contribution limits will be reduced to \$100,000 (from \$180,000). Once your total super balance reaches \$1.6m, you will not be allowed to make additional contributions.

First home super saver scheme

From 1 July 2017, the Government will allow future voluntary superannuation contributions up to \$15,000 per year (within existing contribution limits) and \$30,000 in total to be withdrawn for a deposit to purchase a first home. Any concessional amount withdrawn will be taxed at the individual's marginal tax rate less a 30% offset (with any non-concessional amount withdrawn tax free).

Superannuation limited recourse borrowing arrangements

From 1 July 2017, the use of limited recourse borrowing arrangements will be included in a member's total superannuation balance and transfer balance cap.

Superannuation contributions from proceeds of downsizing

From 1 July 2018, the Government will allow a person aged 65 or over to make a non-concessional contribution of up to \$300,000 from the proceeds of selling their home (if owned for at least ten years). Such contributions will be exempt from the age test, work test, non-concessional contributions cap and \$1.6 million total superannuation balance test.

Important Dates

June 30 is fast approaching so you should ensure that you don't miss out on any tax planning opportunities. Superannuation contributions are critically important as the superannuation contribution limits are based on the amount paid into the superannuation fund during the financial year (not the period that the contribution relates to). If you want to maximise your 2016/2017 superannuation contribution, you need to ensure that the amount has been received by your superannuation fund before June 30.

If you have a SMSF, you should also ensure that any minimum pension payments have been made.

Kind regards, Nick