



Newsletter, May 2018

2018/2019 BUDGET UPDATE

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

2018/2019 individual tax rates

Taxable income range	Marginal tax rate
\$ 0 - \$18,200	0%
\$ 18,201 - \$37,000	19%
\$ 37,001 - \$90,000	32.5%
\$ 90,001 - \$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 remain at 2.0% (the increase to 2.5% proposed in the previous Budget will not proceed).

Small business asset deductions

From 12 May 2015 to 30 Jun 2019 (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).

Business cash payment limit

From 1 July 2019, businesses can no longer receive cash payments above \$10,000 for goods and services.

Deductions for employee and contractor payments where withholding obligations have been disregarded

From 1 July 2019, businesses will no longer be able to claim a deduction for the following non-compliant payments:

- Payments to their employees for wages where they have not withheld any required amount of PAYG from these payments.
- Payments made to contractors where the contractor does not provide an ABN and the business does not withhold any required amount of PAYG.

Deductions for personal superannuation contributions

From 1 July 2018, individuals will be required to confirm in their income tax returns that they have complied with “notice of intent” requirements in relation to their personal superannuation contributions.

Employee superannuation

From 1 July 2018, 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 contribution restriction exemption

From 1 July 2019, the government will introduce an exemption to the “work test” to allow all individuals aged between 64 to 75 with superannuation balances below \$300,000 to make superannuation contributions in the first year that they do not meet the work test requirements.

Currently, the work test requires a minimum of 40 hours worked in any 30 day period in the financial year.

SMSF three-yearly audit cycle

From 1 July 2019, the annual audit requirement for self-managed superannuation funds will be changed to a three-yearly requirement for funds with a history of good record keeping and compliance.

Funds will need a history of three consecutive years of clear audit reports and have lodged the fund’s annual returns in a timely manner.

SMSF member limit increase

From 1 July 2019, the maximum number of members will be increased from four to six.

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 2017/2018 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