



Newsletter, April 2019

2019/2020 BUDGET UPDATE

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

2019/2020 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.

Low and Middle Income Tax Offset increase

From 1 July 2018, it is proposed that the existing new tax offset is increased to \$1,080:

Taxable income range	Current	Proposed
\$ 0 - \$37,000	= Up to \$220	= Up to \$255
\$ 37,001 - \$48,000	= \$200 plus 3% of excess over \$37,000	= \$255 plus 7.5% of excess over \$37,000
\$ 48,001 - \$90,000	= \$530	= \$1,080
\$ 90,001 -	\$125,333 = \$530 less 1.5% of excess over \$90,000	\$126,000= \$1,080 less 3% of excess over \$90,000
\$125,334+/\$126,001+	= \$0	= \$0

This offset applies in addition to the Low Income Tax Offset which is currently \$445.

Small business asset deductions

From 12 May 2015 to 28 January 2019, small business entities (with a turnover of less than ten million dollars) are able to immediately write off each eligible business asset they buy costing less than \$20,000 per asset.

From 29 January 2019, the threshold was increased to \$25,000 (from \$20,000).

From 2 April 2019 to 30 June 2020, the threshold will increase to \$30,000 (from \$25,000) and will be available to medium business entities (with a turnover between ten million dollars and fifty million dollars).

Employee superannuation

From 1 July 2019, the super guarantee rate will remain at 9.50%.

2019/2020	9.5%
2020/2021	9.5%
2021/2022	10.0%
2022/2023	10.5%
2023/2024	11.0%
2024/2025	11.5%
2025/2026	12.0%

Superannuation contribution restriction exemption

From 1 July 2020, the government will introduce an exemption to the “work test” to allow all individuals aged 65 and 66 to make superannuation contributions. The work test requires a minimum of 40 hours worked in any 30 day period in the financial year for people aged 65 to 74.

Currently, from 1 July 2019, the government introduced 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.

Access to the bring-forward rules for those aged 65 & 66

From 1 July 2020, individuals aged 65 & 66 will be allowed to make up to three years of non-concessional contributions under the bring-forward rule.

Currently, those aged 65 or over cannot access the bring-forward rules.

Increasing the age limit for spouse contributions

From 1 July 2020, individuals up to and including the age of 74 will be able to receive spouse contributions (with those aged 65 or 66 no longer needing to meet the work test).

Currently, those aged 70 and over cannot receive spouse contributions.

Important Dates

The March quarter has now ended so you should be aware of the following dates:

- 28 April 2019 March quarter superannuation due
- 28 April 2019 March quarter Business Activity Statement (BAS) due
- 15 May 2019 2017/18 income tax return due for all taxpayers not requiring earlier lodgement
- 30 June 2019 June quarter superannuation due if qualifying for 2018/19 tax deduction
- 28 July 2019 June quarter superannuation due

Did you know that if your Tax Agent lodges your quarterly BAS electronically, you get a four week electronic lodgement and payment concession? This means that the March quarter BAS is due for lodgement and payment by 26 May 2019. Please contact me if I can be of assistance.

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 2018/2019 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