



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

**2022/2023 individual tax rates**

Taxable income range	Marginal tax rate
\$ 0 - \$18,200	0%
\$ 18,201 - \$45,000	19%
\$ 45,001 - \$120,000	32.5%
\$120,001 - \$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 (LMITO)**

From 1 July 2021, a once-off \$420 “cost of living tax offset” (CLTO) will be added to the existing low and middle income tax offset. The offset is currently \$1,080 (maximum) where taxable income is between \$48,000 and \$90,000 so it will effectively increase to \$1,500.

Taxable income range	LMITO	CLTO
\$ 0 - \$37,000	\$255	\$420
\$37,001 - \$48,000	\$255 plus 7.5% of the excess over \$37,000	\$420
\$48,001 - \$90,000	\$1,080	\$420
\$90,001 - \$125,999	\$1,080 less 3% of the excess over \$90,000	\$420
\$126,000+	\$0	\$0

This offset applies in addition to the Low Income Tax Offset (LITO) which is currently \$700 (maximum) where taxable income is below \$37,500.

Taxable income range	LITO
\$ 0 - \$37,500	\$700
\$37,501 - \$45,000	\$700 less 5% of the excess over \$37,500
\$45,001 - \$66,667	\$325 less 1.5% of the excess over \$45,000
\$66,668+	\$0

**COVID-19 test expenses**

From 1 July 2021, the costs of taking a COVID-19 test to attend a place of work are deductible to individuals.

**COVID-19 business grants**

The Government has extended the measures that enable payments from certain state and territory business support programs to be made non-assessable non-exempt income for income tax purposes until 30 June 2022. This includes the NSW 2022 Small Business Support Program, QLD 2021 COVID-19 Business Support Grant & SA COVID-10 Business Hardship Grant. The existing ATO list provided here should be updated to reflect these changes:

<https://www.ato.gov.au/General/COVID-19/Government-grants,-payments-and-stimulus-during-COVID-19/Tax-implications/Eligible-COVID-19-business-grants-and-support-programs/>

## Skills and training boost

From 29 March 2022, small and medium business entities (with turnover less than fifty million dollars) will be able to deduct 120% of their expenditure incurred on external training courses provided to their employees.

For eligible expenditure incurred before 30 June 2022, the additional 20% deduction will be claimed in the 2023 tax return (for all subsequent years, the additional 20% will be claimed in that year's tax return).

## Technology investment boost

From 29 March 2022, small and medium business entities (with turnover less than fifty million dollars) will be able to deduct 120% of their expenditure incurred on business expenses and depreciating assets that support their digital adoption (such as portable payment devices, cyber security systems or subscriptions to cloud-based services). There is an annual expenditure cap of \$100,000.

For eligible expenditure incurred before 30 June 2022, the additional 20% deduction will be claimed in the 2023 tax return (for all subsequent years, the additional 20% will be claimed in that year's tax return).

## Small business asset deductions

From 12 May 2015, small business entities 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 2 April 2019, the threshold was increased to \$30,000 and made available to medium business entities (with turnover less than fifty million dollars).

From 12 March 2020 to 30 June 2021, the threshold increased to \$150,000 and made available to large business entities (with turnover less than five hundred million dollars).

From 6 October 2020 to 30 June 2023, the threshold for new business assets will be uncapped and will be available to all business entities with turnover less than five billion dollars.

Small businesses can also deduct the value of their simplified depreciation pools at the end of the income year where the balance falls under the relevant threshold.

## Employee superannuation

From 1 July 2022, the super guarantee rate will increase to 10.5%.

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

From 1 July 2022, the \$450 minimum income threshold before super is paid will be removed.

## 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 2021/2022 superannuation contribution, you need to ensure that the amount has been received by your superannuation fund before 30 June 2022.

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

Kind regards, Nick