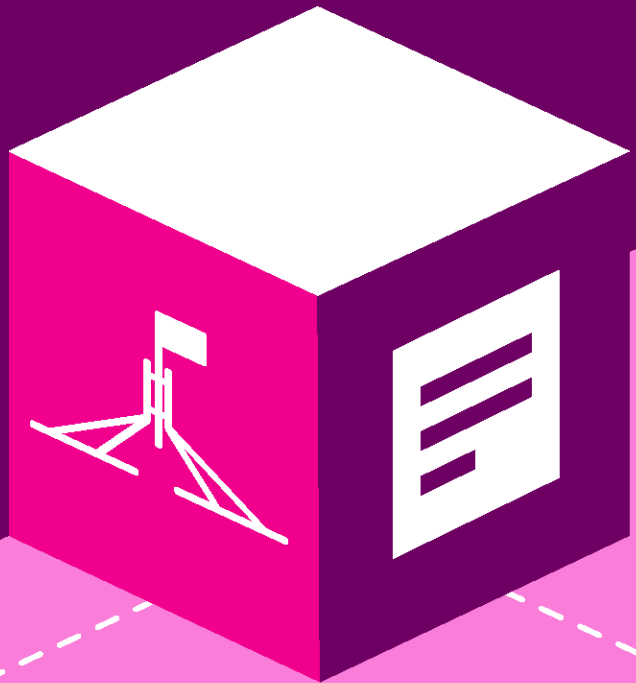




Netwealth IQ

Federal Budget 2024



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Introduction

The following paper provides a summary of information announced in the 2024-25 Federal Budget which may be of interest to financial advisers and their clients.

Please note that many of these announcements are yet to be legislated, and care should be taken before implementing a financial strategy based on Budget announcements alone.

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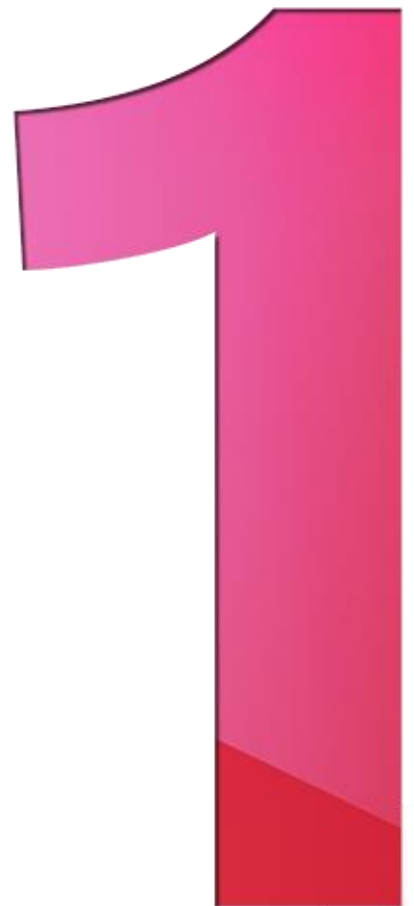
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Unless specified, all information in this presentation is at 14/05/2024. Please note that many of these announcements are yet to be legislated, and care should be taken before implementing a financial strategy based on Budget announcements alone.

Taxation



Medicare levy low-income thresholds

The Medicare levy low-income thresholds for singles, families and seniors and pensioners will be increased from 1 July 2023.

- The threshold for singles will be increased from \$24,276 to \$26,000.
- The family threshold will be increased from \$40,939 to \$43,846.
- For single seniors and pensioners, the threshold will be increased from \$38,365 to \$41,089.
- The family threshold for seniors and pensioners will be increased from \$53,406 to \$57,198.
- For each dependent child or student, the family income thresholds will now increase by \$4,027 for each dependent child, up from \$3,760.

Personal income tax cuts

As have already been legislated, from 1 July 2024, the following personal tax rates will become effective:

- The 19 per cent tax rate will be reduced to 16 per cent.
- The 32.5 per cent tax rate will be reduced to 30 per cent.
- The income threshold above which the 37 per cent tax rate applies will be increased from \$120,000 to \$135,000.
- The income threshold above which the 45 per cent tax rate applies will be increased from \$180,000 to \$190,000.

For comparative purposes, the table below summarises the current and new personal tax rates (not including Medicare levy) going forward from 1 July 2024:

New personal tax rates and thresholds for 2024–25 onwards			
2023-24		2024-25	
Thresholds (\$)	Rates (%)	Thresholds (\$)	Rates (%)
0 – 18,200	Tax free	0 – 18,200	Tax free
18,201 – 45,000	19	18,201 – 45,000	16
45,001 – 120,000	32.5	45,001 – 135,000	30
120,001 – 180,000	37	135,001 – 190,000	37
Over 180,000	45	Over 190,000	45

Strengthening the foreign resident capital gains tax regime

Amendments to the foreign resident capital gains tax (CGT) regime will be made to include CGT events commencing on or after 1 July 2025 to:

- Clarify and broaden the types of assets that foreign residents are subject to CGT on.
- Amend the point-in-time principal asset test to a 365-day testing period.
- Require foreign residents disposing of shares and other membership interests exceeding \$20 million in value to notify the ATO, prior to the transaction being executed.

The Government will consult on the implementation details of the measure.

Social Security



Improving aged care support

Additional support to the aged care sector will be provided including amongst many administrative changes:

- The release of an additional 24,100 home care packages in 2024-25; and
- Measures to attract and retain aged care workers.

Jobseeker Payment – partial capacity to work

From 20 September 2024, eligibility for the existing higher rate of JobSeeker payment, currently provided to single recipients with dependent children and those aged 55 and over who have been on payment for nine continuous months or more, will be extended to single recipients with a partial capacity to work of zero to 14 hours per week.

Carer Payment – increased flexibility

From 20 March 2025, the existing 25 hour per week participation limit for Carer Payment recipients will be amended to 100 hours over four weeks. The participation limit will no longer capture study, volunteering activities and travel time and will only apply to employment.

Carer Payment recipients exceeding the participation limit, or their allowable temporary cessation of care days will have their payments suspended for up to six months, rather than cancelled. Recipients will also be able to use single temporary cessation of care days where they exceed the participation limit, rather than the current seven day minimum.

Commonwealth Government-funded paid parental leave (PPL)

The Government will pay superannuation on Commonwealth government-funded PPL for births and adoptions on or after 1 July 2025. Eligible parents will receive an additional payment based on the Superannuation Guarantee (12 per cent of their PPL payments), as a contribution to their superannuation fund.

Commonwealth Rent Assistance – increase the maximum rates

The Commonwealth Rent Assistance maximum rates will be increased by 10 per cent from 20 September 2024.

Freeze social security deeming rates

The Government will freeze social security deeming rates for age pensioners and others on income support payments, at their current levels for a further 12 months until 30 June 2025.

Current Deeming rates	Single	Couple (combined) where at least one partner gets a pension	Couple (combined) where neither partner gets a pension
0.25%	Up to \$60,400	Up to \$100,200	Up to \$50,100 of each of your own and your share of joint financial assets
2.25%	Above \$60,400	Above \$100,200	Above \$50,100

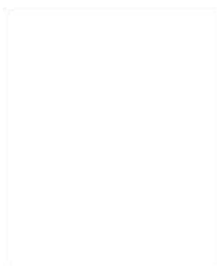
Job Support and Creation



Commonwealth Prac Payment

From 1 July 2025, a new Commonwealth Prac Payment of \$319.5 per week (benchmarked to the single Austudy rate) for tertiary students undertaking supervised mandatory placements as part of their nursing, teaching or social work studies will be established.

Other Announcements



Small Business Support – \$20,000 instant asset write-off

Small businesses, with an aggregated annual turnover of less than \$10 million, will continue to be able to immediately deduct the full cost of eligible assets costing less than \$20,000 that are first used or installed ready for use by 30 June 2025. The asset threshold applies on a per asset basis so small businesses can instantly write off multiple assets.

Assets valued at \$20,000 or more (which cannot be immediately deducted) can continue to be placed into the small business simplified depreciation pool and depreciated at 15 per cent in the first income year and 30 per cent each income year thereafter.

Energy Bill Relief Fund

The Government will extend and expand the Energy Bill Relief Fund to provide a \$300 rebate to all Australian households and a \$325 rebate to eligible small businesses on 2024–25 bills.

Higher Education Loan Program

Subject to the passage of legislation, effective from 1 June 2023, the indexation of the Higher Education Loan Program (and other student loans) debt will be limited to the lower of either the Consumer Price Index or the Wage Price Index.



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