

2019 Federal Budget Analysis

2 April 2019

Treasurer Josh Frydenberg's first Budget focuses on reducing the tax burden for the majority of working Australians, greater superannuation flexibility for retirees and a one off energy relief payment for eligible income support recipients.

Note: These changes are proposals only and may or may not be made law.

Personal tax savings

Immediate tax relief

Low and middle income earners will receive a tax saving of up to \$1,080 per person. This can be claimed in the 2018/19 tax return.

Preservation of tax relief for low and middle income earners

From 1 July 2022, the 19 per cent tax bracket will increase from \$41,000 to \$45,000, with an increase in the low income tax offset from \$645 to \$700.

Reduction in key marginal tax rate

From 1 July 2024, the current 32.5 per cent marginal tax rate will drop to 30 per cent for income between \$45,000 and \$200,000.

Minimisation of bracket creep

The Government estimates that from 1 July 2024, 94 per cent of taxpayers will have a marginal tax rate of no more than 30 per cent.

Greater superannuation flexibility for retirees

Changes to voluntary super contributions

Australians aged 65 and 66 will be able to make voluntary super contributions without meeting the Work Test – removing the need for people of this age to work a minimum 40 hours over a 30 day period.

Increasing age limit for spouse contributions

The age limit for people to receive contributions made by their spouse on their behalf increases from 69 to 74 years.

Extended access to bring-forward arrangements

People aged 66 and under will now be able to make three years' worth of non-concessional contributions to their super in a single year, capped at \$100,000 a year.

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Small to medium business

Increase in instant asset write-off

The threshold for the instant asset write-off increases to \$30,000 from \$20,000. It has also been broadened to include businesses with up to \$50 million in turnover, making it available to around 3.4 million Australian businesses.

Pensioners and welfare recipients

Energy Assistance Payment

Over 3.9 million eligible Australians will automatically receive a one-off payment of \$75 for singles and \$125 for couples (combined) to assist with their energy bills. This payment will be exempt from income tax and not counted as income for social security purposes.

Any questions?

If you have any questions, please call our office

Important information

The Federal Budget Analysis prepared by the MLC Technical team, part of GWM Adviser Services Limited.

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