

## Impact of the April 2019 Federal Budget

| Item   | Description  | Client Impact        |                    |                          |     |        |        |       |       |                 |     |     |     |                      |     |  |  |                      |  |     |  |                             |  |  |     |                      |       |  |  |                       |  |       |  |                              |  |  |       |                       |     |  |  |                        |  |     |     |             |     |     |     |             |       |                    |                          |  |                       |                     |                      |          |        |          |          |         |          |          |         |          |          |         |          |           |        |          |           |        |          |           |        |          |           |        |          |
|--|--|----------------------|--------------------|--------------------------|-----|--------|--------|-------|-------|-----------------|-----|-----|-----|----------------------|-----|--|--|----------------------|--|-----|--|-----------------------------|--|--|-----|----------------------|-------|--|--|-----------------------|--|-------|--|------------------------------|--|--|-------|-----------------------|-----|--|--|------------------------|--|-----|-----|-------------|-----|-----|-----|-------------|-------|--------------------|--------------------------|--|-----------------------|---------------------|----------------------|----------|--------|----------|----------|---------|----------|----------|---------|----------|----------|---------|----------|-----------|--------|----------|-----------|--------|----------|-----------|--------|----------|-----------|--------|----------|
| <b>Taxation</b>  |  |                      |                    |                          |     |        |        |       |       |                 |     |     |     |                      |     |  |  |                      |  |     |  |                             |  |  |     |                      |       |  |  |                       |  |       |  |                              |  |  |       |                       |     |  |  |                        |  |     |     |             |     |     |     |             |       |                    |                          |  |                       |                     |                      |          |        |          |          |         |          |          |         |          |          |         |          |           |        |          |           |        |          |           |        |          |           |        |          |
| <b>1. Personal Income Tax</b>  | <table border="1"> <thead> <tr> <th></th> <th colspan="2">Existing</th> <th>New</th> </tr> <tr> <th>Income</th> <th>18/19+</th> <th>22/23</th> <th>22/23</th> </tr> </thead> <tbody> <tr> <td>\$0 to \$18,200</td> <td>Nil</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>\$18,201 to \$37,000</td> <td>19%</td> <td></td> <td></td> </tr> <tr> <td>\$18,201 to \$41,000</td> <td></td> <td>19%</td> <td></td> </tr> <tr> <td><b>\$18,201 to \$45,000</b></td> <td></td> <td></td> <td>19%</td> </tr> <tr> <td>\$37,001 to \$90,000</td> <td>32.5%</td> <td></td> <td></td> </tr> <tr> <td>\$41,001 to \$120,000</td> <td></td> <td>32.5%</td> <td></td> </tr> <tr> <td><b>\$45,001 to \$120,000</b></td> <td></td> <td></td> <td>32.5%</td> </tr> <tr> <td>\$90,001 to \$180,000</td> <td>37%</td> <td></td> <td></td> </tr> <tr> <td>\$120,001 to \$180,000</td> <td></td> <td>37%</td> <td>37%</td> </tr> <tr> <td>\$180,001 +</td> <td>45%</td> <td>45%</td> <td>45%</td> </tr> <tr> <td>LITO, up to</td> <td>\$445</td> <td>\$645<sup>1</sup></td> <td><b>\$700<sup>1</sup></b></td> </tr> </tbody> </table> |                      | Existing           |                          | New | Income | 18/19+ | 22/23 | 22/23 | \$0 to \$18,200 | Nil | Nil | Nil | \$18,201 to \$37,000 | 19% |  |  | \$18,201 to \$41,000 |  | 19% |  | <b>\$18,201 to \$45,000</b> |  |  | 19% | \$37,001 to \$90,000 | 32.5% |  |  | \$41,001 to \$120,000 |  | 32.5% |  | <b>\$45,001 to \$120,000</b> |  |  | 32.5% | \$90,001 to \$180,000 | 37% |  |  | \$120,001 to \$180,000 |  | 37% | 37% | \$180,001 + | 45% | 45% | 45% | LITO, up to | \$445 | \$645 <sup>1</sup> | <b>\$700<sup>1</sup></b> | <ul style="list-style-type: none"> <li>The following tax savings (including changes to LMITO, outlined below in point 2) are projected:</li> </ul> <table border="1"> <thead> <tr> <th><u>Taxable Income</u></th> <th><u>18/19 saving</u></th> <th><u>5 year saving</u></th> </tr> </thead> <tbody> <tr> <td>\$30,000</td> <td>\$ 255</td> <td>\$ 1,785</td> </tr> <tr> <td>\$50,000</td> <td>\$1,080</td> <td>\$ 7,685</td> </tr> <tr> <td>\$80,000</td> <td>\$1,080</td> <td>\$ 8,435</td> </tr> <tr> <td>\$90,000</td> <td>\$1,215</td> <td>\$ 9,630</td> </tr> <tr> <td>\$120,000</td> <td>\$ 315</td> <td>\$10,830</td> </tr> <tr> <td>\$140,000</td> <td>\$ 135</td> <td>\$11,510</td> </tr> <tr> <td>\$160,000</td> <td>\$ 135</td> <td>\$12,910</td> </tr> <tr> <td>\$200,000</td> <td>\$ 135</td> <td>\$17,310</td> </tr> </tbody> </table> | <u>Taxable Income</u> | <u>18/19 saving</u> | <u>5 year saving</u> | \$30,000 | \$ 255 | \$ 1,785 | \$50,000 | \$1,080 | \$ 7,685 | \$80,000 | \$1,080 | \$ 8,435 | \$90,000 | \$1,215 | \$ 9,630 | \$120,000 | \$ 315 | \$10,830 | \$140,000 | \$ 135 | \$11,510 | \$160,000 | \$ 135 | \$12,910 | \$200,000 | \$ 135 | \$17,310 |
|  |  | Existing             |                    | New                      |     |        |        |       |       |                 |     |     |     |                      |     |  |  |                      |  |     |  |                             |  |  |     |                      |       |  |  |                       |  |       |  |                              |  |  |       |                       |     |  |  |                        |  |     |     |             |     |     |     |             |       |                    |                          |  |                       |                     |                      |          |        |          |          |         |          |          |         |          |          |         |          |           |        |          |           |        |          |           |        |          |           |        |          |
|  | Income   | 18/19+               | 22/23              | 22/23                    |     |        |        |       |       |                 |     |     |     |                      |     |  |  |                      |  |     |  |                             |  |  |     |                      |       |  |  |                       |  |       |  |                              |  |  |       |                       |     |  |  |                        |  |     |     |             |     |     |     |             |       |                    |                          |  |                       |                     |                      |          |        |          |          |         |          |          |         |          |          |         |          |           |        |          |           |        |          |           |        |          |           |        |          |
|  | \$0 to \$18,200  | Nil                  | Nil                | Nil                      |     |        |        |       |       |                 |     |     |     |                      |     |  |  |                      |  |     |  |                             |  |  |     |                      |       |  |  |                       |  |       |  |                              |  |  |       |                       |     |  |  |                        |  |     |     |             |     |     |     |             |       |                    |                          |  |                       |                     |                      |          |        |          |          |         |          |          |         |          |          |         |          |           |        |          |           |        |          |           |        |          |           |        |          |
|  | \$18,201 to \$37,000   | 19%                  |                    |                          |     |        |        |       |       |                 |     |     |     |                      |     |  |  |                      |  |     |  |                             |  |  |     |                      |       |  |  |                       |  |       |  |                              |  |  |       |                       |     |  |  |                        |  |     |     |             |     |     |     |             |       |                    |                          |  |                       |                     |                      |          |        |          |          |         |          |          |         |          |          |         |          |           |        |          |           |        |          |           |        |          |           |        |          |
|  | \$18,201 to \$41,000   |                      | 19%                |                          |     |        |        |       |       |                 |     |     |     |                      |     |  |  |                      |  |     |  |                             |  |  |     |                      |       |  |  |                       |  |       |  |                              |  |  |       |                       |     |  |  |                        |  |     |     |             |     |     |     |             |       |                    |                          |  |                       |                     |                      |          |        |          |          |         |          |          |         |          |          |         |          |           |        |          |           |        |          |           |        |          |           |        |          |
|  | <b>\$18,201 to \$45,000</b>  |                      |                    | 19%                      |     |        |        |       |       |                 |     |     |     |                      |     |  |  |                      |  |     |  |                             |  |  |     |                      |       |  |  |                       |  |       |  |                              |  |  |       |                       |     |  |  |                        |  |     |     |             |     |     |     |             |       |                    |                          |  |                       |                     |                      |          |        |          |          |         |          |          |         |          |          |         |          |           |        |          |           |        |          |           |        |          |           |        |          |
|  | \$37,001 to \$90,000   | 32.5%                |                    |                          |     |        |        |       |       |                 |     |     |     |                      |     |  |  |                      |  |     |  |                             |  |  |     |                      |       |  |  |                       |  |       |  |                              |  |  |       |                       |     |  |  |                        |  |     |     |             |     |     |     |             |       |                    |                          |  |                       |                     |                      |          |        |          |          |         |          |          |         |          |          |         |          |           |        |          |           |        |          |           |        |          |           |        |          |
|  | \$41,001 to \$120,000  |                      | 32.5%              |                          |     |        |        |       |       |                 |     |     |     |                      |     |  |  |                      |  |     |  |                             |  |  |     |                      |       |  |  |                       |  |       |  |                              |  |  |       |                       |     |  |  |                        |  |     |     |             |     |     |     |             |       |                    |                          |  |                       |                     |                      |          |        |          |          |         |          |          |         |          |          |         |          |           |        |          |           |        |          |           |        |          |           |        |          |
|  | <b>\$45,001 to \$120,000</b>   |                      |                    | 32.5%                    |     |        |        |       |       |                 |     |     |     |                      |     |  |  |                      |  |     |  |                             |  |  |     |                      |       |  |  |                       |  |       |  |                              |  |  |       |                       |     |  |  |                        |  |     |     |             |     |     |     |             |       |                    |                          |  |                       |                     |                      |          |        |          |          |         |          |          |         |          |          |         |          |           |        |          |           |        |          |           |        |          |           |        |          |
|  | \$90,001 to \$180,000  | 37%                  |                    |                          |     |        |        |       |       |                 |     |     |     |                      |     |  |  |                      |  |     |  |                             |  |  |     |                      |       |  |  |                       |  |       |  |                              |  |  |       |                       |     |  |  |                        |  |     |     |             |     |     |     |             |       |                    |                          |  |                       |                     |                      |          |        |          |          |         |          |          |         |          |          |         |          |           |        |          |           |        |          |           |        |          |           |        |          |
|  | \$120,001 to \$180,000   |                      | 37%                | 37%                      |     |        |        |       |       |                 |     |     |     |                      |     |  |  |                      |  |     |  |                             |  |  |     |                      |       |  |  |                       |  |       |  |                              |  |  |       |                       |     |  |  |                        |  |     |     |             |     |     |     |             |       |                    |                          |  |                       |                     |                      |          |        |          |          |         |          |          |         |          |          |         |          |           |        |          |           |        |          |           |        |          |           |        |          |
|  | \$180,001 +  | 45%                  | 45%                | 45%                      |     |        |        |       |       |                 |     |     |     |                      |     |  |  |                      |  |     |  |                             |  |  |     |                      |       |  |  |                       |  |       |  |                              |  |  |       |                       |     |  |  |                        |  |     |     |             |     |     |     |             |       |                    |                          |  |                       |                     |                      |          |        |          |          |         |          |          |         |          |          |         |          |           |        |          |           |        |          |           |        |          |           |        |          |
|  | LITO, up to  | \$445                | \$645 <sup>1</sup> | <b>\$700<sup>1</sup></b> |     |        |        |       |       |                 |     |     |     |                      |     |  |  |                      |  |     |  |                             |  |  |     |                      |       |  |  |                       |  |       |  |                              |  |  |       |                       |     |  |  |                        |  |     |     |             |     |     |     |             |       |                    |                          |  |                       |                     |                      |          |        |          |          |         |          |          |         |          |          |         |          |           |        |          |           |        |          |           |        |          |           |        |          |
| <u>Taxable Income</u>  | <u>18/19 saving</u>  | <u>5 year saving</u> |                    |                          |     |        |        |       |       |                 |     |     |     |                      |     |  |  |                      |  |     |  |                             |  |  |     |                      |       |  |  |                       |  |       |  |                              |  |  |       |                       |     |  |  |                        |  |     |     |             |     |     |     |             |       |                    |                          |  |                       |                     |                      |          |        |          |          |         |          |          |         |          |          |         |          |           |        |          |           |        |          |           |        |          |           |        |          |
| \$30,000   | \$ 255   | \$ 1,785             |                    |                          |     |        |        |       |       |                 |     |     |     |                      |     |  |  |                      |  |     |  |                             |  |  |     |                      |       |  |  |                       |  |       |  |                              |  |  |       |                       |     |  |  |                        |  |     |     |             |     |     |     |             |       |                    |                          |  |                       |                     |                      |          |        |          |          |         |          |          |         |          |          |         |          |           |        |          |           |        |          |           |        |          |           |        |          |
| \$50,000   | \$1,080  | \$ 7,685             |                    |                          |     |        |        |       |       |                 |     |     |     |                      |     |  |  |                      |  |     |  |                             |  |  |     |                      |       |  |  |                       |  |       |  |                              |  |  |       |                       |     |  |  |                        |  |     |     |             |     |     |     |             |       |                    |                          |  |                       |                     |                      |          |        |          |          |         |          |          |         |          |          |         |          |           |        |          |           |        |          |           |        |          |           |        |          |
| \$80,000   | \$1,080  | \$ 8,435             |                    |                          |     |        |        |       |       |                 |     |     |     |                      |     |  |  |                      |  |     |  |                             |  |  |     |                      |       |  |  |                       |  |       |  |                              |  |  |       |                       |     |  |  |                        |  |     |     |             |     |     |     |             |       |                    |                          |  |                       |                     |                      |          |        |          |          |         |          |          |         |          |          |         |          |           |        |          |           |        |          |           |        |          |           |        |          |
| \$90,000   | \$1,215  | \$ 9,630             |                    |                          |     |        |        |       |       |                 |     |     |     |                      |     |  |  |                      |  |     |  |                             |  |  |     |                      |       |  |  |                       |  |       |  |                              |  |  |       |                       |     |  |  |                        |  |     |     |             |     |     |     |             |       |                    |                          |  |                       |                     |                      |          |        |          |          |         |          |          |         |          |          |         |          |           |        |          |           |        |          |           |        |          |           |        |          |
| \$120,000  | \$ 315   | \$10,830             |                    |                          |     |        |        |       |       |                 |     |     |     |                      |     |  |  |                      |  |     |  |                             |  |  |     |                      |       |  |  |                       |  |       |  |                              |  |  |       |                       |     |  |  |                        |  |     |     |             |     |     |     |             |       |                    |                          |  |                       |                     |                      |          |        |          |          |         |          |          |         |          |          |         |          |           |        |          |           |        |          |           |        |          |           |        |          |
| \$140,000  | \$ 135   | \$11,510             |                    |                          |     |        |        |       |       |                 |     |     |     |                      |     |  |  |                      |  |     |  |                             |  |  |     |                      |       |  |  |                       |  |       |  |                              |  |  |       |                       |     |  |  |                        |  |     |     |             |     |     |     |             |       |                    |                          |  |                       |                     |                      |          |        |          |          |         |          |          |         |          |          |         |          |           |        |          |           |        |          |           |        |          |           |        |          |
| \$160,000  | \$ 135   | \$12,910             |                    |                          |     |        |        |       |       |                 |     |     |     |                      |     |  |  |                      |  |     |  |                             |  |  |     |                      |       |  |  |                       |  |       |  |                              |  |  |       |                       |     |  |  |                        |  |     |     |             |     |     |     |             |       |                    |                          |  |                       |                     |                      |          |        |          |          |         |          |          |         |          |          |         |          |           |        |          |           |        |          |           |        |          |           |        |          |
| \$200,000  | \$ 135   | \$17,310             |                    |                          |     |        |        |       |       |                 |     |     |     |                      |     |  |  |                      |  |     |  |                             |  |  |     |                      |       |  |  |                       |  |       |  |                              |  |  |       |                       |     |  |  |                        |  |     |     |             |     |     |     |             |       |                    |                          |  |                       |                     |                      |          |        |          |          |         |          |          |         |          |          |         |          |           |        |          |           |        |          |           |        |          |           |        |          |
| <p><sup>1</sup>The Low Income Tax Offset (LITO), currently \$445 and due to increase to \$645 from 1 July 2022, is proposed to increase further to \$700 on 1 July 2022.</p> |  |                      |                    |                          |     |        |        |       |       |                 |     |     |     |                      |     |  |  |                      |  |     |  |                             |  |  |     |                      |       |  |  |                       |  |       |  |                              |  |  |       |                       |     |  |  |                        |  |     |     |             |     |     |     |             |       |                    |                          |  |                       |                     |                      |          |        |          |          |         |          |          |         |          |          |         |          |           |        |          |           |        |          |           |        |          |           |        |          |

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|-----------------------------|---|---------------|----------|-----|--------|-------|-------|-----------------|-----|-----|----------------------|-----|--|-----------------------------|--|-----|-----------------------|-------|--|-----------------------|--|--------------|-------------|-----|-----|---|
|                             | <p>The following changes are also scheduled from 1 July 2024:</p> <table border="1" data-bbox="725 507 1317 815"> <thead> <tr> <th></th> <th>Existing</th> <th>New</th> </tr> <tr> <th>Income</th> <th>24/25</th> <th>24/25</th> </tr> </thead> <tbody> <tr> <td>\$0 to \$18,200</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>\$18,201 to \$41,000</td> <td>19%</td> <td></td> </tr> <tr> <td><b>\$18,201 to \$45,000</b></td> <td></td> <td>19%</td> </tr> <tr> <td>\$41,001 to \$200,000</td> <td>32.5%</td> <td></td> </tr> <tr> <td>\$45,001 to \$200,000</td> <td></td> <td><b>30.0%</b></td> </tr> <tr> <td>\$200,001 +</td> <td>45%</td> <td>45%</td> </tr> </tbody> </table> |               | Existing | New | Income | 24/25 | 24/25 | \$0 to \$18,200 | Nil | Nil | \$18,201 to \$41,000 | 19% |  | <b>\$18,201 to \$45,000</b> |  | 19% | \$41,001 to \$200,000 | 32.5% |  | \$45,001 to \$200,000 |  | <b>30.0%</b> | \$200,001 + | 45% | 45% | <ul style="list-style-type: none"> <li>• Most of the savings are in the later years (refer table to left).</li> <li>• From the 2024/25 year, a 30% tax rate will apply for incomes between \$45,001 and \$200,000. Treasury estimates this tax bracket will then cover 70% of taxpayers and that 94% of taxpayers will face a tax bracket of 30% or less by 2024/25.</li> <li>• Given the upcoming Federal Election and forecast future Budget surpluses, we may see proposals for further tax cuts being announced by Labor and the Coalition parties.</li> <li>• The Government is expected to try to push some of these tax changes through Parliament this week, hence the proposals may not be dependent upon the outcome of the upcoming election. However, this may be problematic, given the time frame and pending outstanding legislation.</li> </ul> |
|                             | Existing  | New           |          |     |        |       |       |                 |     |     |                      |     |  |                             |  |     |                       |       |  |                       |  |              |             |     |     |   |
| Income                      | 24/25   | 24/25         |          |     |        |       |       |                 |     |     |                      |     |  |                             |  |     |                       |       |  |                       |  |              |             |     |     |   |
| \$0 to \$18,200             | Nil   | Nil           |          |     |        |       |       |                 |     |     |                      |     |  |                             |  |     |                       |       |  |                       |  |              |             |     |     |   |
| \$18,201 to \$41,000        | 19%   |               |          |     |        |       |       |                 |     |     |                      |     |  |                             |  |     |                       |       |  |                       |  |              |             |     |     |   |
| <b>\$18,201 to \$45,000</b> |   | 19%           |          |     |        |       |       |                 |     |     |                      |     |  |                             |  |     |                       |       |  |                       |  |              |             |     |     |   |
| \$41,001 to \$200,000       | 32.5%   |               |          |     |        |       |       |                 |     |     |                      |     |  |                             |  |     |                       |       |  |                       |  |              |             |     |     |   |
| \$45,001 to \$200,000       |   | <b>30.0%</b>  |          |     |        |       |       |                 |     |     |                      |     |  |                             |  |     |                       |       |  |                       |  |              |             |     |     |   |
| \$200,001 +                 | 45%   | 45%           |          |     |        |       |       |                 |     |     |                      |     |  |                             |  |     |                       |       |  |                       |  |              |             |     |     |   |

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| Item  | Description   | Client Impact  |              |                |                          |                      |                           |                      |                      |                       |                       |  |
|---|---|--|--------------|----------------|--------------------------|----------------------|---------------------------|----------------------|----------------------|-----------------------|-----------------------|--|
| <p><b>2. Low and Middle Income Tax Offset (“LMITO”)</b></p> <p><b>Effective for 2018/19 tax returns</b></p> | <p>The changes to LMITO provide a rebate for the current 2018/19 tax year of up to \$1,080 for individuals earning between \$48,000 and \$90,000.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin: 10px 0;"> <thead> <tr style="background-color: #2c5e8c; color: white;"> <th style="width: 50%;">Income</th> <th style="width: 50%;">LMITO rebate</th> </tr> </thead> <tbody> <tr> <td>Up to \$37,000</td> <td>Up to \$255<sup>1</sup></td> </tr> <tr> <td>\$37,001 to \$47,999</td> <td>Between \$255 and \$1,080</td> </tr> <tr> <td>\$48,000 to \$90,000</td> <td>\$1,080<sup>2</sup></td> </tr> <tr> <td>\$90,001 to \$126,000</td> <td>Reduces down to \$Nil</td> </tr> </tbody> </table> <p><sup>1</sup> Currently up to \$200.<br/><sup>2</sup> Currently \$530</p> <p>The offset will be available for the 2018/19, 2019/20, 2020/21 and 2021/22 years, and thereafter, will cease.</p> <p>The 2018/19 offset will be received as a lump sum after individuals lodge their tax returns.</p> | Income   | LMITO rebate | Up to \$37,000 | Up to \$255 <sup>1</sup> | \$37,001 to \$47,999 | Between \$255 and \$1,080 | \$48,000 to \$90,000 | \$1,080 <sup>2</sup> | \$90,001 to \$126,000 | Reduces down to \$Nil | <ul style="list-style-type: none"> <li>Tax savings of \$1,080 for those earning between \$48,000 and \$90,000 p.a. can be accessed when submitting the 2019 tax return.</li> <li>The LMITO is in <i>addition</i> to the existing Low Income Tax Offset (LITO).</li> <li>Will impact on the tax effectiveness of salary sacrifice and personal deductible super contributions for some individuals.</li> <li>The increase to the top threshold of the 19% personal income tax bracket and the changes to the LITO from 1 July 2022 will lock in the reduction in tax provided by the LMITO when the LMITO is removed from 1 July 2022.</li> </ul> |
| Income  | LMITO rebate  |  |              |                |                          |                      |                           |                      |                      |                       |                       |  |
| Up to \$37,000  | Up to \$255 <sup>1</sup>  |  |              |                |                          |                      |                           |                      |                      |                       |                       |  |
| \$37,001 to \$47,999  | Between \$255 and \$1,080   |  |              |                |                          |                      |                           |                      |                      |                       |                       |  |
| \$48,000 to \$90,000  | \$1,080 <sup>2</sup>  |  |              |                |                          |                      |                           |                      |                      |                       |                       |  |
| \$90,001 to \$126,000   | Reduces down to \$Nil   |  |              |                |                          |                      |                           |                      |                      |                       |                       |  |
| <p><b>3. Medicare Levy</b></p> <p><b>Effective 2018/19 tax year</b></p>                                     | <p>The Medicare Levy low income thresholds for singles will be increased from \$21,980 to \$22,398 for the 2018/19 tax year. For older singles who are eligible for the SAPTO, the threshold will increase from \$34,758 to \$35,418. Higher rates apply for couples.</p>   | <ul style="list-style-type: none"> <li>Normal CPI increases</li> </ul> |              |                |                          |                      |                           |                      |                      |                       |                       |  |

## Impact of the April 2019 Federal Budget

| Item  | Description  | Client Impact |
|---|--|---------------|
| <p><b>4. Other taxation initiatives</b></p> | <ol style="list-style-type: none"> <li>1. Increasing the \$20,000 instant asset write off for small businesses from \$20,000 to \$30,000 from 2 April 2019 (budget night) to 30 June 2020. Also, this measure will apply to businesses with aggregated annual turnover of less than \$50m (previously \$10m).</li> <li>2. Fast tracking the reduction in the company tax rate to 25% by 2021/22 (i.e. five years earlier) for small and medium sized companies with an annual turnover of less than \$50m and increases to the unincorporated small business tax discount rate.</li> <li>3. New funding to target tax avoidance by multinationals, big business and high-wealth individuals.</li> <li>4. Simplifying and expanding the current regulatory regime for employee share schemes.</li> <li>5. Increased activities to recover unpaid tax and superannuation liabilities, including from large corporate entities and high wealth individuals.</li> <li>6. For vehicles acquired on or after 1 July 2019, eligible primary producers and tourism operators will be able to apply for a refund of any luxury car tax paid up to a maximum of \$10,000.</li> <li>7. The start date for changes to Division 7A (regarding certain payments by private companies) to be pushed back to 1 July 2020.</li> </ol> |               |

## Impact of the April 2019 Federal Budget

| Item  | Description  | Client Impact   |
|---|--|---|
| <b>Superannuation</b>   |  |   |
| <p><b>1. Extending age limits for super contributions</b></p> <p><b>Effective 1 July 2020</b></p> | <p>Retirees aged 65 and 66 will be able to make voluntary superannuation contributions, both concessional and non-concessional, without meeting the work test of 40 hours over a 30-day period.</p> <p>The bring-forward arrangements will also be extended to those aged 65 and 66 (currently you have to be under 65). These provisions allow three years' worth of non-concessional contributions to be placed into super in a single year.</p> <p>The age limit for spouse contributions will increase from 69 to 74 years. Currently, those aged 70 years and over cannot receive contributions made by another person on their behalf.</p> | <ul style="list-style-type: none"> <li>• This will eventually align the age limits for voluntary contributions with the 'age pension age' given that the age pension age is gradually being raised to age 67 by 1 July 2023.</li> <li>• Retirees considering contributions before 30 June this year should review their planned level and pattern of contributions (subject to potential future changes by a Labor Government).</li> <li>• Retirees aged 65 at 30 June 2019 who could no longer contribute this year due to their age should review their circumstances.</li> <li>• Older Australians may be able to benefit from the spouse rebate of up to \$540 if their spouse (aged 69 to 74) still passes the work test.</li> <li>• The removal of the work test provides greater scope for eligible retirees to implement a re-contribution strategy.</li> </ul> |

## Impact of the April 2019 Federal Budget

| Item  | Description  | Client Impact  |
|---|--|--|
| <p><b>2. Insurance on opt in basis for young members</b></p> <p><b>Effective 1 October 2019</b></p>   | <p>Superannuation Funds offering insurance may only do so on an ‘opt in’ basis for young or low balance members as follows:</p> <ul style="list-style-type: none"> <li>• members who are under age 25, or</li> <li>• balances under \$6,000</li> </ul> <p>The commencement date for this previously announced measure is to be delayed from 1 July 2019 to 1 October 2019.</p>   | <ul style="list-style-type: none"> <li>• Care will need to be taken with this measure as it could have the catastrophic effect of cancelling the insurance on ‘inactive accounts’ or ‘low balance accounts’ where the super is specifically held only for insurance purposes.</li> </ul> |
| <p><b>3. Simplifying actuarial certificates and the calculation of exempt current pension income (ECPI)</b></p> <p><b>Effective 1 July 2020</b></p> | <p>The Government will allow superannuation fund trustees with interests in both the accumulation and retirement phases during an income year to choose their preferred method of calculating ECPI.</p> <p>The Government will also remove a redundant requirement for superannuation funds to obtain an actuarial certificate when calculating ECPI using the proportionate method, where all members of the fund are fully in the retirement phase for all of the income year.</p> | <ul style="list-style-type: none"> <li>• This will simplify matters for SMSFs.</li> </ul>  |

## Impact of the April 2019 Federal Budget

| Item  | Description  | Client Impact   |
|---|--|---|
| <b>Social Security</b>                      |  |   |
| <b>1. Aged Care</b>                         | <p>Funding for an extra 10,000 high level home care packages over five years from 2018/19.</p> <p>Furthermore, an additional 13,500 residential care places will be available.</p>   | <ul style="list-style-type: none"> <li>This will help to reduce the long waiting periods that are currently in the home care package system.</li> </ul> |
| <b>2. Other social security initiatives</b> | <ol style="list-style-type: none"> <li>A one-off Energy Assistance Payment of \$75 for singles and \$125 for eligible couples on certain social security benefits including the Age Pension, Disability Support Pension, Carer Payment, Parenting Payment Single recipients and certain recipients of payments from the Department of Veterans' Affairs.</li> <li>An increase to price limits for therapy, attendant care and community participation under the National Disability Insurance Scheme (NDIS), effective 1 July 2019.</li> <li>\$331 million for new and amended listings on the PBS, including life changing medicines to treat lung, bladder, kidney and skin cancer as well as leukaemia. Patients will be able to access these medicines for just \$40.30 per script, or \$6.50 with a concession card,</li> <li>Creating additional apprenticeship incentive payments to boost existing incentives for areas of identified skills needs to support up to 80,000 new apprentices over five years.</li> </ol> |   |

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**Disclaimer**

This list is a summary of the April 2019 Federal Budget in so far as it generally affects clients of MKS Wealth Management. It is not meant to be an exhaustive list of issues and strategies to consider. The information has been sourced from various Government and other material including from Chartered Accountants Australia and New Zealand. MKS Wealth Management believe that the information herein is accurate and reliable, but no warranty on accuracy or reliability is given and no responsibility arising in any way for errors or omissions (including responsibility by reason of negligence) is accepted by any member of the company or its representatives. This disclaimer is subject to any contrary provisions of the Competition and Consumer Act. Taxation considerations are based on current laws and their interpretation at the date of preparation of this paper.