

Federal Budget 2024-25

TaxBanter

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Introduction

On 14 May 2024, the Treasurer, Jim Chalmers, delivered his third Federal Budget for the Albanese Government.

It is a responsible budget that is guided by the current economic conditions and the Government's three-part economic strategy: Relief from the cost-of-living pressures, Repair to the budget position and Reform to lay the foundations for future growth.¹

The first two Federal Budgets focused primarily on relief and repair to manage inflation, this budget continues to address the inflation challenge but also puts a spotlight on reform.

Treasurer, Jim Chalmers:

"It will be an inflation-fighting and future-making budget. It will be a budget suited to the cross currents and the conditions that we confront."²

Economic landscape

The first four years of this decade have tested the economy and the resilience of all Australians: the devastation of floods and bushfires, a once-in-a-century global pandemic, followed by the most significant international energy crisis in 50 years. The combined impact of these events resulted in economic consequences on supply chains, energy prices, inflation and interest rates.³ These events may seem like distant memories but they continue to impact the economy.

Australia is continuing to face ongoing global uncertainty stemming from persistent inflation in North America; growth slowing in China and other major economies; the United Kingdom and Japan both finishing the year in recession; and tensions rising in the Middle East and Eastern Europe.¹

Inflation and cash rate

In Australia, inflation is moderating but still high compared to the target range of 2 to 3 per cent required by monetary policy. Michelle Marquardt, ABS head of prices statistics⁴:

"Annually, the CPI rose 3.6 per cent to the March 2024 quarter. While prices continued to rise for most goods and services, annual CPI inflation was down from 4.1 per cent last quarter and has fallen from the peak of 7.8 per cent in December 2022."

Inflation has increased the cost of living, as Australian households are paying more to purchase the same goods and services.

According to the ABS, the Government's cost-of-living policies directly took pressure off inflation. The Energy Bill Relief Fund offset the electricity price rises, Commonwealth Rent Assistance reduced the impact of rent rises and Childcare subsidy reduced the cost of childcare.

¹ Treasurer, Jim Chalmers, [National accounts – December quarter 2023](#), 6 March 2024.

² Treasurer, Jim Chalmers, [Joint press conference, Canberra](#), 6 May 2024.

³ Prime Minister, Anthony Albanese, [A future made in Australia](#), 11 April 2024.

⁴ Australian Bureau of Statistics (ABS), [CPI rose 1.0% in the March 2024 quarter](#), 24 April 2024.

The first surplus in 15 years in 2022–23, took some pressure off inflation, allowing the Government to fund their priorities and reduce debt interest. All encouraging signs, but the Government acknowledges it still needs to reduce inflation further and faster. The budget measures are designed to further ease inflation and not add to it.⁵

The cash rate is currently at 4.35 per cent⁶, the Reserve Bank of Australia (RBA) last raised the cash rate on 7 November 2023 by 25 basis points as a means to return inflation to the target range in a reasonable timeframe. The recent information suggests the price of goods is moderating but the price of services remains inflated.⁷ Overall, higher interest rates have led people to cut back on spending. This is slowing economic growth and bringing demand into better balance with supply.

Challenges for businesses

The economic landscape is creating challenges for businesses. Australian retail turnover fell in March 2024, indicating consumers are spending less as cost of living pressures remain high.⁸ High interest rates are placing cashflow strains on businesses servicing debt. Supply chain disruptions are leading to lost sales or higher expenses, as businesses seek alternative options to source the relevant items that they need. The shift from information technology to artificial intelligence is necessitating business to embrace technology or be left behind by their competitors. Labour and skills shortage is resulting in employers paying more to hold onto employees or incurring more costs to upskill them.⁹

► Support for businesses

The Government is supporting businesses with these challenges in the form of the National Skills Agreement¹⁰ to ensure businesses have access to a skilled workforce, the Australian Cyber Security Strategy to assist businesses to work smarter and safer online, the Industry Grow Program to support innovation and growth and the Small business energy incentive to assist with the energy transition.¹¹

Cost of living pressures

Inflation and the cash rate are impacting Australian households and placing strains on their cashflow. Ways in which this has become evident include:

- Housing — borrowers with variable loans or fixed loans that have converted to variable loans are finding their repayments are consuming a larger portion of their salary. Renters are having to fund increasing rental payments.
- Education — students are having to take on extra shifts to be able to cover their education and living costs. Recent graduates entering the workforce are finding their HELP debt is increasing rapidly, due to being indexed to CPI.
- Wages growth — employees are finding their salary is insufficient to keep up with the increasing cost of living.

⁵ Treasurer, Jim Chalmers, [Annual inflation almost halved under Labor](#), 24 April 2024.

⁶ As at 7 May 2024.

⁷ RBA, Media Release, [Statement by the RBA: Monetary Policy Decision](#), 7 May 2024.

⁸ ABS, [Consumers cautious as retails sales fall 0.4%](#), 30 April 2024.

⁹ Treasurer, Jim Chalmers, [Address to the National Press Club](#), Canberra, 24 August 2023.

¹⁰ Prime Minister, Anthony Albanese, [Landmark National Skills Agreement to unlock billions](#), 17 October 2023.

¹¹ Minister for Small Business, Julie Collins, [Albanese Labor Government helping small businesses thrive online](#), 31 January 2024.

As a result, many households are saving less, drawing down on accumulated savings buffers and reducing their discretionary spending.⁷

The Government recognises the struggle and has implemented cost of living assistance.

▶ Tax cuts

To help Australians with the cost of living, the Government announced and has legislated¹² tax cuts for all 13.6 million Australian taxpayers from 1 July 2024. It will create a significant boost in the take home pay of Australians on modest incomes and people working part-time. If taxpayers choose to take on more hours of work, they will keep more of what they earn.

The defining decade

The Government issued its first Intergenerational Report in August 2023, which identified that Australia's economy over the coming decade will be shaped by the ageing population, expanded use of digital and data technology, climate change and the net zero transformation, rising demand for care and support services, and increased geopolitical risk and fragmentation.¹³ With these changes come vast opportunities for Australia.

The Government is focused on steering the economy through the current challenges and building the foundations for future growth. The Government plans to achieve this by repairing the budget, fostering a productive, resilient and dynamic economy that maximises opportunities from new digital technologies, building the skills of our workforce, transforming the economy towards net zero emissions, sustainably meeting Australians' care needs, expanding economic opportunity, and positioning our defence capability.¹³ This is the Government's blueprint for the future.

Renewable energy superpower

It is the Prime Minister's ambition that Australia becomes a renewable energy superpower — at home and abroad.

Australia along with more than 140 countries, including United States, European Union, India and China have set a net zero target. The target is to achieve net zero emissions by 2050, to avoid the worst impact of climate change and preserve a liveable planet.¹⁴

To achieve net zero will require a complete transformation. Australia's economy is currently heavily reliant on the export of coal and liquefied natural gas. Tax and royalties derived from fossil fuels are a big part in sustaining the standard of living and government services provisions. As the world changes, the demand for Australia's fossil fuel exports will decline — the countries that Australia exports to have also made a net zero commitment.¹⁵

Industries, homes, businesses and fuel transport that are powered by coal, gas and oil-fired power will need to be replaced with renewable sources, such as wind or solar to reduce carbon emissions.

The net zero transformation creates a unique opportunity for Australia. Chair, Net Zero Economy Agency, Greg Combet:

¹² On 5 March 2024, *Treasury Laws Amendment (Cost of Living Tax Cuts) Bill 2024* and *Treasury Laws Amendment (Cost of Living—Medicare Levy) Bill 2024*, received Royal assent as Act No. 3 and 4 of 2024.

¹³ Commonwealth of Australia, [Intergenerational Report 2023](#), Australia's future to 2063, 24 August 2023.

¹⁴ United Nations, [For a livable climate: Net-zero commitments must be backed by credible action, accessed 14 May 2024](#).

¹⁵ Chair, Net Zero Economy Agency, Greg Combet, [Address to the National Press Club](#), 2 April 2024.

“We are uniquely endowed with abundant renewable energy and mineral resources, a skilled and resilient workforce, engineering and technical capability, large pools of capital, we have a stable investment environment and are a reliable trading partner.”

The Government is continuing on its path to becoming a renewable energy superpower, this includes:

- Establishment of the Net Zero Authority¹⁶ to ensure the workers, industries and communities that have powered Australia for generations can seize the opportunities of Australia’s net zero transformation.¹⁷
- Household Energy Upgrades Fund and Small Business Energy Incentive to support households and businesses make energy efficient upgrades.
- Support for growing industries — Hydrogen Headstart program¹⁸, Solar Sunshot program¹⁹, Critical minerals financing²⁰, Powering Australia Industry Growth Centre²¹ and Guarantee of Origin scheme.²²

Future Made in Australia

The Prime Minister announced his vision for a Future Made in Australia²³, to build on Australia’s unique national strengths and grow them. It is about making the right investment in skills and training, research and education, infrastructure, clean energy and advanced manufacturing — to create new industries, diversify the economy and make Australia a renewable energy superpower.²⁴

Prime Minister, Anthony Albanese²⁵:

“I want the Australian economy to be more resilient. For us to take advantage of the resources that we have under the ground and in the sky to make more things here, because that is a key to our national resilience. We know that during the pandemic the problems that can occur if trade is cut off.”

This reform and growth will be achieved via the creation of the *Future Made in Australia Act*, to bring together a comprehensive and co-ordinated package of new and existing initiatives. The Government will be making public investment alongside the private sector, to grow the economy and lift living standards into the future.²³

The *Future Made in Australia Act* will establish the policy framework — the focus will be on industries in which Australia has a genuine economic advantage, where it contributes to an orderly path to net zero, where it builds on the capabilities of the people and regions and improves Australia’s national security and economic resilience.²⁶

¹⁶ *Net Zero Economy Authority Bill* was introduced into Parliament on 27 March 2024 to establish the Net Zero Economy Authority. It was referred to the Senate Finance and Public Administration Legislation Committee.

¹⁷ EM to the *Net Zero Economy Authority Bill*.

¹⁸ Investment to accelerate the development of Australia’s hydrogen industry.

¹⁹ Prime Minister, Anthony Albanese, [Solar Sunshot for our regions](#), 28 March 2024.

²⁰ Prime Minister, Anthony Albanese, [\\$2 billion critical minerals boost crucial to energy transition](#), 24 October 2023.

²¹ The Centre aims to grow Australia’s renewables technologies industry.

²² Proposes to provide a mechanism to track and verify emissions associated with hydrogen and other products made in Australia, [seeking consultation on the detail design of the scheme](#).

²³ Prime Minister, Anthony Albanese, [A future made in Australia](#), 11 April 2024.

²⁴ Prime Minister, Anthony Albanese, [A future made in Western Australia](#), 8 May 2024.

²⁵ Prime Minister, Anthony Albanese, [Press conference — Mackay](#), Queensland, 22 April 2024.

²⁶ Treasurer, Jim Chalmers, [Address to the Lowy Institute](#), Sydney, 1 May 2024.

The MYEFO updates

The Mid-Year Economic and Fiscal Outlook (MYEFO) 2023–24, which updates the economic and fiscal outlook from the previous Federal Budget, was released on 13 December 2023. It takes into account the decisions made since the release of the Federal Budget, and therefore revises the Federal Budget aggregates. It stated that²⁷:

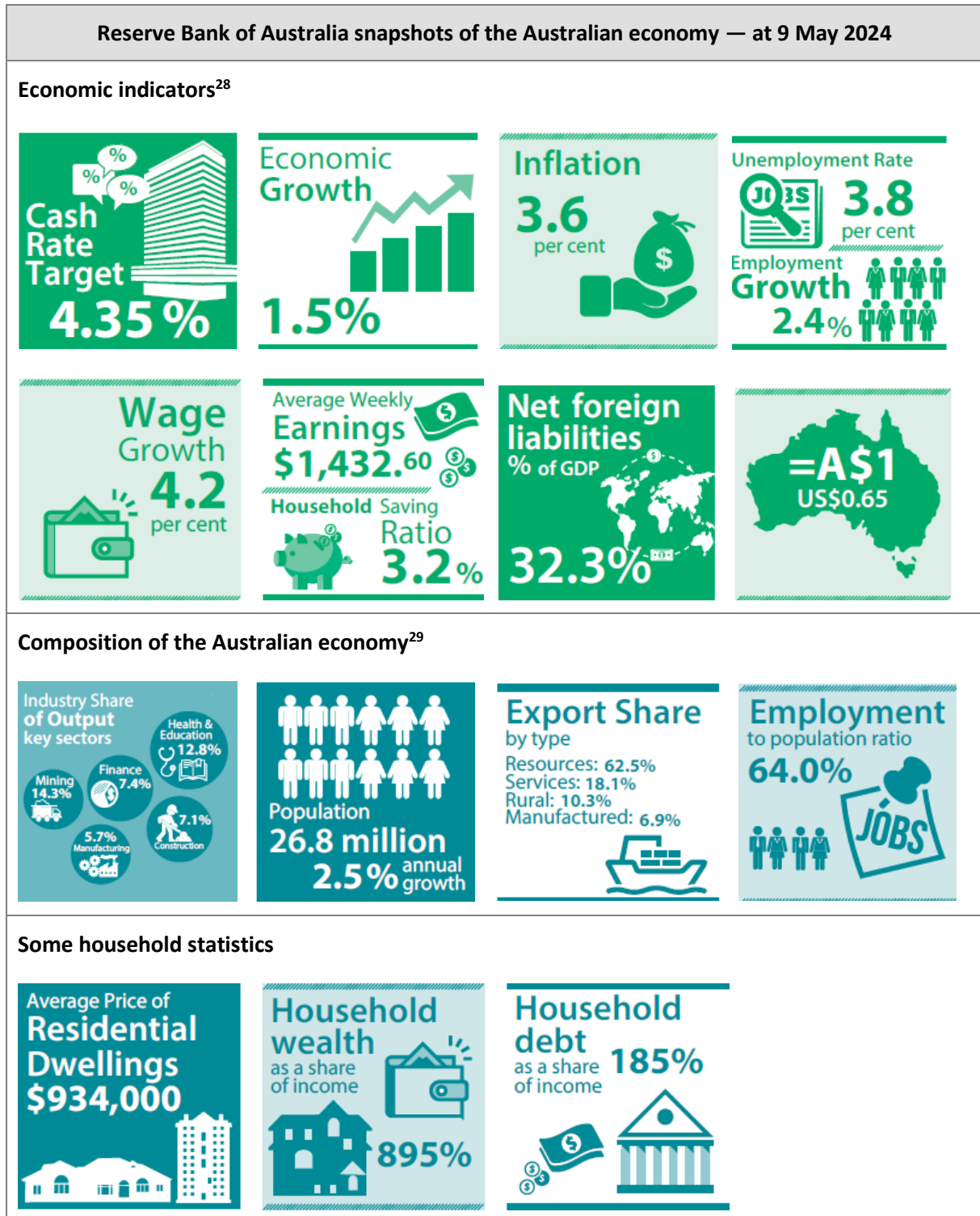
- The Australian economy has slowed in expected ways in the face of high but moderating inflation, higher interest rates and global economic uncertainty. It is expected to expand by 1³/₄ per cent in 2023–24 before regaining momentum in 2024–25.
- Inflation is still too high, but is continuing to moderate — the headline rate is projected to return to target within 2024–25 and forecast to be 2³/₄ per cent in the June quarter 2025.
- Real wages are beginning to grow — after two consecutive quarters of positive real wage growth, annual real wage growth is expected to return in early 2024.
- The labour market remains strong — the unemployment rate is low and the participation rate remains at a record high.
- The fiscal position has improved with lower deficits and gross debt now forecast across the forward estimates compared to the 2023–24 Budget.
- A deficit of \$1.1 billion is forecast in 2023–24.
- Tax receipts have been revised up by \$64.4 billion over four years to 2026–27, primarily reflecting near-term strength in commodity prices, higher non-mining corporate profits and recent strong employment growth.
- The underlying cash balance has improved over the four years to 2026–27 by a cumulative \$39.5 billion.
- Gross debt as a share of GDP is expected to peak 1.1 percentage points lower than forecast at the 2023–24 Federal Budget at 35.4 per cent of GDP in 2027–28.

The MYEFO made investments to provide more housing for Australians, to support the expansion of the Paid Parental Leave (PPL) scheme and to allow eligible job seekers who enter employment to retain access to concession cards, childcare subsidies and other supplementary benefits for longer.

²⁷ Source: Commonwealth of Australia, MYEFO 2023–24, December 2023, pages 2 to 6.

RBA snapshots of the economic landscape

At 9 May 2024



²⁸ RBA, [Key Economic Indicators Snapshot](#), 9 May 2024, viewed 14 May 2024.

²⁹ RBA, [Composition of the Australian Economy Snapshot](#), 9 May 2024, viewed 14 May 2024.

Key information leading up to the 2024–25 Federal Budget

	\$billion	Forecasts ³⁰ (\$billion)				
	Actual 2022–23	Budget 2023–24	Budget 2024–25	Budget 2025–26	Budget 2026–27	Budget 2027–28
Underlying cash position ³¹	\$22.1	\$9.3	(\$28.3)	(\$42.8)	(\$26.7)	(\$24.3)
Economic growth						
Real GDP	3.1%	1.75%	2.0%	2.25%	2.5%	2.75%
Nominal GDP	9.9%	4.75%	2.75%	4.0%	5.25%	5.25%
Unemployment rate	3.6%	4.0%	4.5%	4.5%	4.5%	4.25%
CPI — inflation	6.0%	3.5%	2.75%	2.75%	2.5%	2.5%
Net debt	\$491.0	\$499.9	\$552.5	\$615.5	\$660.0	\$697.5

Measures implemented since the 2023–24 Federal Budget

► Significant income tax measures

The more significant key tax policy decisions which have been made since the 2023–24 Federal Budget include, the following:

Policy	Detail
Tax cuts to help with the cost of living ³²	Modifies income tax rate thresholds and tax rates for individuals for the 2024–25 and later income years.
Cost of Living — Medicare Levy ³²	Increases the Medicare levy low-income thresholds and surcharge low-income thresholds for the 2023–24 and later income years.
Changes to fees for foreign investors ³³	Amendments were made to foreign investment fees and the vacancy fees for foreign investors purchasing established homes. Also the commercial fee schedule applies to eligible build to rent projects. ³⁴

³⁰ Source: Commonwealth of Australia, Budget 2024–25, Budget paper No. 1, page 6 and 7.

³¹ Underlying cash position — a reduction in the underlying cash balance means that the government must borrow more and as a consequence the interest cost on the higher public debt increases.

³² On 5 March 2024, *Treasury Laws Amendment (Cost of Living Tax Cuts) Bill 2024* and *Treasury Laws Amendment (Cost of Living—Medicare Levy) Bill 2024*, received Royal assent as Act No. 3 and 4 of 2024.

³³ On 8 April 2024, *Foreign Acquisitions and Takeovers Fees Imposition Amendment Bill 2024* and *Treasury Laws Amendment (Foreign Investment) Bill 2024* received Royal Assent as Act Nos. 17 and 18 of 2024.

³⁴ Source: Commonwealth of Australia, MYEFO 2023–24, December 2023.

Policy	Detail
Denying deductions for ATO interest charges ³⁴	Proposes to deny deductions for ATO interest charges incurred in income years starting on or after 1 July 2025.
Luxury Car Tax (LCT) – modernising the LCT for fuel-efficient vehicles ³⁴	Proposes to modernise the LCT by tightening the definition of a fuel-efficient vehicle and updating the indexation rate for the LCT value threshold for all-other luxury vehicles.

A number of key tax policy decisions that were previously announced and are now law, include:

- Cashflow relief — cash flow relief for small and medium businesses by reducing the GDP adjustment factor for working out PAYG and GST instalments³⁵, digital games tax offset, skills and training boost, technology investment boost³⁶
- Improving integrity — Off-market share buy-backs with a deferred start date to 18 November 2022 and franked distributions funded by capital raisings with a deferred start date to 28 November 2023³⁷
- Multinationals tax integrity — tax transparency via disclosure of information of subsidiaries and amendments to the thin capitalisation rules to limit the debt deductions³⁸

Previously announced tax policy decisions that are still before Parliament include:

Policy — Not yet law	Detail
Instant asset write-off ³⁹	Proposal to increase the instant asset write-off threshold from \$1,000 to \$20,000. Senate amendments proposed increasing the threshold from \$20,000 to \$30,000 and expanding the measure to apply to medium entities.
Small business energy incentive ³⁹	Proposes to provide small and medium businesses with access to a bonus deduction equal to 20 per cent of the cost of eligible assets or improvements to existing assets that support electrification or more efficient energy use.
Petroleum resource rent tax (PRRT) deductions cap ⁴⁰	Proposes amendments to effectively cap the availability of deductible expenditure incurred by a person in relation to a petroleum project for a year of tax.

³⁵ On 23 June 2023, *Treasury Laws Amendment (2023 Measures No. 2) Bill 2023*, received Royal Assent as Act No. 28 of 2023.

³⁶ On 23 June 2023, *Treasury Laws Amendment (2022 Measures No. 4) Bill 2023*, received Royal Assent as Act No. 29 of 2023.

³⁷ On 27 November 2023, *Treasury Laws Amendment (2023 Measures No. 1) Bill 2023*, received Royal Assent as Act No. 101 of 2023.

³⁸ On 8 April 2024, *Treasury Laws Amendment (Making Multinationals Pay Their Fair Share—Integrity and Transparency) Bill 2023*, received Royal Assent as Act No. 23 of 2024.

³⁹ The Senate made amendments to the *Treasury Laws Amendment (Support for Small Business and Charities and Other Measures) Bill 2023* on the 27 March 2024, the Bill is before the House of Representatives.

⁴⁰ The Senate Economics Legislation Committee (SELC) report issued on 10 May 2024 recommended that the *Treasury Laws Amendment (Tax Accountability and Fairness) Bill 2023* be passed.

Federal Administrative Review Body ⁴¹	Abolish the Administrative Appeals Tribunal (AAT) and establish the Administrative Review Tribunal (the Tribunal).
Strengthen the integrity of the tax system ⁴⁰	Proposed reforms to strengthen the integrity of the tax system, increasing the power of regulators and strengthening regulatory arrangements. ⁴²

Tax policy decisions that are in the consultation phase include:

- International tax — country by country reporting⁴³ and global and domestic minimum tax⁴⁴
- Investment in housing — build-to-rent tax concessions
- Medicare and lump sum payments — exempting lump sums payments in arrears from the Medicare levy
- Strengthening the integrity of the tax system – tax regulator information gathering powers review and regulating of accounting, auditing and consulting firms in Australia.⁴⁵

The Government announced it would not proceed with the Modernising Business Registers Program.⁴⁶

► Significant superannuation measures

Key superannuation policy decisions which have been taken since the 2023–24 Budget — and which are not yet law — include:

- Deduction of adviser fees from superannuation — to increase accessibility and affordability of personal financial advice.⁴⁷
- Access to offenders’ superannuation — victims and survivors would be able to access offender’s superannuation in certain circumstances.⁴⁸
- Superannuation on paid parental leave (PPL) — the Government will pay superannuation on government-funded PPL, from 1 July 2025.⁴⁹

A selection of previously announced superannuation policy decisions, which are also not yet law, include:

⁴¹ The Senate referred the *Administrative Review Tribunal (Consequential and Transitional Provisions No. 2) Bill 2024* to the Senate Legal and Constitutional Affairs Legislation Committee for report by 24 July 2024.

⁴² Treasurer, Jim Chalmers, [Government taking decisive action in response to PwC tax leaks scandal](#), 6 August 2023.

⁴³ In February 2024 a second consultation was initiated, taking into account the submissions received on the initial consultation.

⁴⁴ Proposes to implement key aspects of the OECD/G20 Two-Pillar Solution to address the tax challenges arising from digitalisation of the economy.

⁴⁵ Treasury, Consultation Paper, [Response to PwC – tax regulator information gathering powers review and Regulation of accounting, auditing and consulting firms in Australia](#), 3 May 2024.

⁴⁶ Assistant Treasurer, Stephen Jones, [The Albanese Government stops Business Registers Program after independent review damning assessment](#), 28 August 2023.

⁴⁷ The House of Representatives referred the *Treasury Laws Amendment (Delivering Better Financial Outcomes and Other Measures) Bill 2024* to the SELC. The report is due on 20 June 2024.

⁴⁸ Source: Commonwealth of Australia, MYEFO 2023–24, December 2023, page 293.

⁴⁹ Treasurer, Jim Chalmers, [Paying super on Government Paid Parental Leave to enhance economic security and gender equality](#), 7 March 2024.

Policy	Detail
Better targeted superannuation concessions ⁵⁰	Proposes amendments to reduce the tax concessions available to individuals with Total Super Balances exceeding \$3 million.
Non-arm's length expenditure for superannuation entities ³⁹	Proposes amendments to the non-arm's length expense rules for complying superannuation entities, that will restrict the operation and application of the rules.
Objective of superannuation ⁵¹	Proposes to legislate the objective of superannuation.

A consultation process has been undertaken for payday superannuation⁵² and amendments to the transfer balance credit provisions for successor fund transfers.⁵³

What we already know

Relevant tax policy decisions that the Government has confirmed ahead of Budget night, include:

- Tax cuts for all 13.6 million Australian taxpayers from 1 July 2024 — legislated.

Other relevant policy decisions include:

- Reforms to strengthen Australia foreign investment framework — introducing a risk-based approach to review foreign investment proposals, to ensure they are not contrary to the national interest.⁵⁴
- Reducing compliance costs for businesses — abolishing nuisance tariffs; clarifying and improving the regulatory approvals process; providing some direction and certainty in the financial sector; and working towards a better way of assessing mergers and acquisitions.⁵⁵
- Capping the HELP indexation rate — to the lower of either the Consumer Price Index (CPI) or the Wage Price Index (WPI) with effect from 1 June 2023.⁵⁶
- Commonwealth Prac Payment — to support certain students undertaking mandatory workplace placements required for university and vocational education and training qualifications.⁵⁷
- Increasing the number of skilled workers in the construction and housing sector — providing 20,000 additional fee-free TAFE places to incentivise Australians to train in areas the economy needs the most.⁵⁸

⁵⁰ The SELC report issued on 10 May 2024 recommended that the *Treasury Laws Amendment (Better Targeted Superannuation Concessions and Other Measures) Bill 2023* and the *Superannuation (Better Targeted Superannuation Concessions) Imposition Bill 2023* be passed.

⁵¹ The SELC report issued on 28 March 2024 recommended that the *Superannuation (Objective) Bill 2023* be passed.

⁵² From 1 July 2026, employers will be required to pay their employees' super at the same time as their salary and wages.

⁵³ Consultation process closed on 24 April 2024.

⁵⁴ Treasurer, Jim Chalmers, [Reforms to strengthen Australia's foreign investment framework](#), 1 May 2024.

⁵⁵ Treasurer, Jim Chalmers, [Opinion piece: Labor is modernising the economy](#), 11 March 2024.

⁵⁶ Minister for Education, Jason Clare, [Cutting student debt for more than three million Australians, 5 May 2024](#).

⁵⁷ Minister for Education, Jason Clare, [Cost-of-living support for teaching, nursing and social work students](#), 6 May 2024.

⁵⁸ Minister for Housing, Julie Collins, [Growing Australia's construction workforce to build more homes](#), 8 May 2024.

Federal Budget summary

Measures and start date at a glance

Budget measure	Application date
General	
<p>Amendments to previously announced measures:</p> <ul style="list-style-type: none"> Australian plantation forestry entities are exempt from the new earnings-based test, thin capitalisation rules giving the Commissioner a discretion not to use a taxpayer's refund to offset old tax debts — where the old tax debt was put on hold before 1 January 2017 extending income tax exemption to World Rugby and/or related entities in relation to income from Rugby World Cup events for the 2023–24 to 2030–31 income years (incl.) 	
<p>Deferring the start date for:</p> <ul style="list-style-type: none"> <i>Tax Integrity — expanding the general anti-avoidance rule in the income tax law</i> changing the start dates for certain components of the <i>Streamlining excise administration for fuel and alcohol package</i> 	<p>Income years starting on or after the day the amending legislation receives Royal Assent</p> <p>The day after Royal Assent</p>
<p>Measures not proceeding:</p> <ul style="list-style-type: none"> <i>Denying deductions for payments relating to intangibles held in low- or no-tax jurisdictions measure</i> — announced in the 2022–23 October Previous Government's 2019 –20 Budget measure <i>Black Economy – strengthening the Australian Business Number system</i> 	
Individuals	
Tax cuts have been legislated for all 13.6 million Australian taxpayers	2024–25 and later income years
Increasing the Medicare levy low-income thresholds	From 1 July 2023
Indexation on HELP debt to be capped to the lower of either the CPI or the WPI.	1 June 2023

Budget measure	Application date
Business	
Instant asset write-off threshold temporarily increased to \$20,000.	From 1 July 2024 until 30 June 2025
Two time-limited tax incentives to invest in new industries: <ul style="list-style-type: none"> ▪ Critical Minerals Production Tax Incentive to support downstream refining and processing of Australia's 31 critical minerals to improve supply chain resilience ▪ Hydrogen Production Tax Incentive to producers of renewable hydrogen to support the growth of a competitive hydrogen industry. 	2027–28 to the 2040–41 income years
Extension and expansion of the Energy Bill Relief Fund	Funding for three years from 1 July 2024
Around one million small businesses will receive \$325 off their bills over 2024–25 (households will also have \$300 credit automatically applied to their electricity bills)	From 1 July 2024
Funding to support small business by: <ul style="list-style-type: none"> ▪ improving payment times to small businesses ▪ supporting mental health and financial wellbeing of small business owners ▪ ensuring confidence in the franchising sector ▪ providing small business with better access to justice 	Funding for four years from 2024–25
Proposed changes to the Producer Tax Offset to remove: <ul style="list-style-type: none"> ▪ the minimum length requirements for content ▪ the above-the-line cap of 20 per cent of total qualifying production expenditure. 	2025–26 income year
International	
Strengthen the foreign resident CGT regime by: <ul style="list-style-type: none"> ▪ clarifying and broadening the types of assets on which foreign residents are subject to CGT ▪ amending the point-in-time principal asset test to a 365-day testing period ▪ requiring foreign residents disposing of shares and other membership interests exceeding \$20 million in value to notify the ATO, prior to the transaction being executed. 	CGT events commencing on or after 1 July 2025

Budget measure	Application date
Superannuation	
The Government will pay superannuation on Commonwealth government-funded paid parental leave	Births and adoptions on or after 1 July 2025
Funding to support the progression of the Government’s workplace relations agenda, including: <ul style="list-style-type: none"> ▪ pursuing unpaid superannuation entitlements owed by employers in liquidation or bankruptcy from 1 July 2024 ▪ supporting workplaces to implement policy changes such as the introduction of payday superannuation. 	Funding for four years from 2024–25
Funding to support the delivery of Government priorities in the Finance and Treasury portfolio including: <ul style="list-style-type: none"> ▪ implement the 2023–24 Budget measure <i>Better Targeted Superannuation Concessions</i> for members of Commonwealth defined benefit schemes ▪ SuperStream Gateway Network Governance Body 	Funding over four years from 2024-25
Compliance	
Extend the Tax Avoidance Taskforce	Funding over two years from 1 July 2026
Extend the Personal Income Tax Compliance Program	Funding for one year from 1 July 2027
Extend the Shadow Economy Compliance Program	Funding over two years from 1 July 2026
ATO funding to strengthen its ability to detect, prevent and mitigate fraud against the tax and superannuation systems	Funding over four years from 1 July 2024
Funding for the ATO for various matters including: <ul style="list-style-type: none"> ▪ requirements of existing and new child care providers (relating to the Child Care Subsidy Program) ▪ improving the Government’s Digital ID, myGovID and other systems ▪ data-matching pilot between the Department of Home Affairs and the ATO ▪ overseeing / operating the secure eInvoicing network 	Various

Budget measure	Application date
Other measures	
Funding to strengthen Australia’s Anti-Money Laundering and Counter-Terrorism Financing Act 2006, to enhance Australia’s ability to detect and disrupt illicit financing.	Funding over four years from 2024–25
Extension of transitional reporting for charities and updates to specifically listed DGRs	Various
Women’s Budget Statement — various measures that focus on four priorities	Various
Funding to modernise regulatory frameworks for financial services to improve competition and consumer protections for services enabled by new technology.	Funding over four years from 2024–25
Funding to implement a social security means test treatment for the military invalidity payments affected by the Federal Court’s decision in <i>FCT v Douglas</i> [2020] FCAFC 220.	Funding over five years from 2023–24
Funding to deliver key aged care reforms and to continue to implement recommendations from the Royal Commission into Aged Care Quality and Safety.	Funding over five years 2023–24
<i>New Aged Care Act</i> — deferred commencement date	1 July 2025
Social security deeming rates will freeze at their current levels	Until 30 June 2025
Increased flexibility for recipients of Carer Payment —the existing 25 hour per week participation limit will be amended to 100 hours over four weeks.	From 20 March 2025
Commonwealth Rent Assistance maximum rates to be increased by 10 per cent	20 September 2024
Eligibility for the existing higher rate of JobSeeker payments has been extended	20 September 2024

Budget measures

General

► 2024-25 Federal Budget - Amendments to existing measures

KEY POINTS	
■	The Government has announced a number of changes to previously announced measures including: <ul style="list-style-type: none">■ the usual changes to legislation to clarify its operation and improve administrative outcomes■ changing the start date for the <i>Tax Integrity — expanding the general anti-avoidance rule in the income tax law</i> to income years starting on or after the day the amending legislation receives Royal Assent■ exempting Australian plantation forestry entities from the new earnings-based test under the amended thin capitalisation rules■ discontinuing the <i>Denying deductions for payments relating to intangibles held in low- or no-tax jurisdictions</i> measure — announced in the 2022–23 October■ giving the Commissioner a discretion not to use a taxpayer’s refund to offset old tax debts — where the old tax debt was put on hold before 1 January 2017■ discontinuing the previous Government’s 2019–20 Budget measure <i>Black Economy — strengthening the Australian Business Number system</i>■ changing the start dates for certain components of the <i>Streamlining excise administration for fuel and alcohol package</i> to the day after Royal Assent■ extending income tax exemption to World Rugby and/or related entities in relation to income from Rugby World Cup events for the 2023–24 to 2030–31 income years (incl.)
■	The Government will also extend refunds of indirect tax (including GST, fuel and alcohol taxes) under the Indirect Tax Concession Scheme (ITCS) to specified entities.

As part of the 2024–25 Budget, the Government has announced a number of changes to previously announced measures which will impact the receipts and payments over the five years from 2023–24.

START DATES

Various

Changes to previously announced measures

In addition to the usual minor amendments to Treasury portfolio legislation which will clarify the law to ensure that it operates in accordance with the policy intent, and which will make minor policy changes to improve administrative outcomes, the Government proposes the following changes:

Previously announced measure	Proposed change
<p>Start date for the <i>Tax Integrity — expanding the general anti-avoidance rule in the income tax law</i> — income years commencing on or after 1 July 2024.⁵⁹</p> <p>The 2023–24 Federal Budget announcement was an expansion of Part IVA to apply to schemes that:</p> <ul style="list-style-type: none"> ■ reduce tax paid in Australia by accessing a lower withholding tax rate on income paid to foreign residents ■ achieve an Australian income tax benefit, even where the dominant purpose was to reduce foreign income tax. 	<p>Start date to be income years commencing on or after the day the amending legislation receives Royal Assent — regardless of whether the scheme was entered into before that date.</p>
<p>The previous Government’s 2019–20 Budget measure <i>Black Economy — strengthening the Australian Business Number system</i> had proposed start dates of 1 July 2021 and 1 July 2022.</p>	<p>This will not proceed. The integrity issues are being addressed through the ATO’s enhanced administrative processes.</p>
<p>The 2022–23 October Budget measure <i>Multinational Tax Integrity Package</i> amending Australia’s interest limitation (thin capitalisation) rules to replace the safe harbour and worldwide gearing tests with earnings-based tests to limit debt deductions in line with an entity’s profits.</p>	<p>Australian plantation forestry entities will be exempt from the new earnings-based rule and will be allowed to continue to apply the former asset-based thin capitalisation rules.</p>
<p>The measure <i>Denying deductions for payments relating to intangibles held in low- or no-tax jurisdictions</i> – announced in the 2022–23 October Budget.</p>	<p>This measure will be discontinued — the integrity issues will be addressed through the Global Minimum Tax and Domestic Minimum Tax being implemented by the Government.</p> <p>The Government will also introduce a new provision from 1 July 2026 that applies a penalty to taxpayers who are part of a group with more than \$1 billion in global turnover annually that are found to have mischaracterised or undervalued royalty payments, to which royalty withholding tax would otherwise apply.</p>

⁵⁹ This was the proposed start date, regardless of whether the scheme was entered into before that date.

Previously announced measure	Proposed change
<p>Start dates for the following components of the <i>Streamlining excise administration for fuel and alcohol package</i>:</p> <ul style="list-style-type: none"> streamlining licence application and renewal requirements — from 1 July 2024 the ATO to publish on its website a public register of excise licences and excise equivalent warehouse licences removal of regulatory barriers applying to bunker fuels for commercial shipping industries – from 1 July 2024. 	<p>The later of 1 July 2024 or the day following Royal Assent</p> <p>30 days following commencement of the legislation</p> <p>From 1 January 2025</p>
<p>At the request of Australian Sweetpotato Growers Inc. the marketing component of the agricultural levy and charge on sweet potatoes will be reduced from 1.0 per cent of sale value to nil.</p>	<p>From 1 July 2024, the Government will decrease the overall levy rate on sweet potatoes from 1.5 per cent to 0.5 per cent.</p>
<p>In the 2022–23 March Budget, the Government promised funding to support Rugby Australia in the men’s Rugby World Cup (RWC) in 2027 and the women’s Rugby World Cup in 2029.</p>	<p>The government is proposing exemptions for income derived in relation to the RWC events for the 2023–24 to 2030–31 income years (inclusive).</p> <p>The Government will also provide an exemption from interest, dividend and royalty withholding tax liabilities arising from payments relating to RWC events.</p>

Giving the Commissioner a discretion not to offset old tax debts

It is also proposed to amend the tax law to give the Commissioner a discretion not to use a taxpayer’s refund to offset old tax debts, where the Commissioner had put that old tax debt on hold before 1 January 2017. This discretion will apply to individuals, small businesses and not-for-profits, and will maintain the Commissioner’s current administrative approach.

Extending refunds of indirect tax under the Indirect Tax Concession Scheme

Other more specific loose ends which will be addressed include extending refunds of indirect tax (including GST, fuel and alcohol taxes) under the Indirect Tax Concession Scheme (ITCS).

- The Square Kilometre Array Observatory (SKAO) will have ITCS access upgraded for additional concessions to be claimed for the purchase of vehicles for personal use by SKAO officials, or a member of their family.
- Additional concessions for commercial rent will also be formalised for existing ITCS packages for Bangladesh, Costa Rica, El Salvador and the Taipei Economic and Cultural Office.
- Construction and renovation concessions will be formalised for the existing ITCS package for the Netherlands.
- Concessions for both commercial rent and construction and renovation will be formalised for the existing ITCS package for Pacific Trade Invest.

Source: Budget Paper No. 2 pages 10-12

► 2024-25 Federal Budget – Cost of living tax cuts

KEY POINTS
<ul style="list-style-type: none">■ The Government has legislated permanent tax cuts for all 13.6 million Australian taxpayers from 1 July 2024.■ All taxpayers will get a tax cut, with an average tax cut of \$1,888 or \$36 a week.■ The tax cuts provide cost-of-living relief, return bracket creep, support women, and boost labour supply.

The Government has legislated permanent tax cuts for all 13.6 million Australian taxpayers from 1 July 2024.

APPLICATION

2024–25 and later income years

The Prime Minister, Anthony Albanese, announced on 25 January 2024 in Media Release, *Tax cuts to help Australian with the cost of living*, that the Government would deliver a tax cut for every Australian taxpayer commencing on 1 July. The tax cuts were designed to provide bigger tax cuts for middle Australia to help with cost-of-living, while making our tax system fairer.

Compared to previously legislated settings, 11.5 million Australian taxpayers (84 per cent of taxpayers) will receive a bigger tax cut, delivering meaningful cost-of-living relief to middle Australia without adding to inflationary pressures.

All 13.6 million Australian taxpayers will get a tax cut, with an average tax cut of \$1,888 or \$36 a week.

Background

On 5 March 2024, *the Treasury Laws Amendment (Cost of Living Tax Cuts) Bill 2024* received Royal Assent as Act No. 3 of 2024. The Act amended the *Income Tax Rates Act 1986* to modify income tax rate thresholds and tax rates for individuals for the 2024–25 and later income years.

Announcement

From 1 July this year, the Government will:

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

The revised Stage 3 tax rates for the 2024–25 and later income years are as follows:

Taxable income (tax brackets)	Marginal tax rate	Tax liability calculation
\$0 – \$18,200	Nil	Nil
\$18,201 – \$45,000	16%	\$0.16 for each \$1 over \$18,200
45,001 – \$135,000	30%	\$4,288 + \$0.30 for each \$1 over \$45,000
\$135,001 – \$190,000	37%	\$31,288 + \$0.37 for each \$1 over \$135,000
\$190,001 and over	45%	\$51,638 + \$0.45 for each \$1 over \$190,000

Source: Budget Paper No. 2 page 12;

Budget Overview: Tax cuts for every Australian taxpayer page 12

Fact Sheet: Easing cost-of-living pressures

Prime Minister's Media Release: Tax cuts to help Australians with the cost of living, dated 25 January 2024 and

Treasurer's Media Release: Tax reform to ease cost-of-living pressure, support investment and a Future Made in Australia, and create a fairer system, dated 14 May 2024

► 2024-25 Federal Budget - Increased Medicare levy low-income thresholds

KEY POINTS	
■	The Government has announced that the Medicare levy low-income thresholds will be increased for singles, families, and seniors and pensioners from 1 July 2023.
■	This change takes account of recent CPI movements so that low-income taxpayers generally continue to be exempt from paying the Medicare levy.

As part of the 2024–25 Federal Budget, the Government announced that the Medicare levy low-income thresholds will be increased for singles, families, and seniors and pensioners from 1 July 2023. Individuals and families will not have to pay the Medicare levy if their individual or family taxable income is below the low-income threshold.

START DATE

From 1 July 2023

Medicare low income threshold changes

Medicare low-income threshold	Threshold as at 30 June 2023	Threshold from 1 July 2023
Singles	\$24,276	\$26,000
Families	\$40,939	\$43,846
Single – seniors and pensioners	\$38,365	\$41,089
Family – seniors and pensioners	\$53,406	\$57,198
Family – for each dependent child or student ⁶⁰	\$3,760	\$4,027

⁶⁰ For each dependent child or student, the family income threshold increases by the stated amount.

The increases to the thresholds take account of recent movements in the CPI so that low-income taxpayers generally continue to be exempt from paying the Medicare levy.

Source: Budget Paper No. 2 page 12

► 2024-25 Federal Budget – Cap indexation on HELP debts

KEY POINTS	
■	The Government has announced that it will cap the Higher Education Loan Program (HELP) indexation rate to the lower of either the Consumer Price Index (CPI) or the Wage Price Index (WPI).
■	The Government will backdate this relief to all HELP, VET Student Loan, Australian Apprenticeship Support Loan and other student support loan accounts that existed on 1 June 2023.
■	This will benefit all Australians with a HELP debt, fix last year's spike (7.1 per cent) and prevent growth in debt from outpacing wages in the future.

In the lead up to the 2024–25 Federal Budget, the Minister for Education, Jason Clare, announced on 5 May 2024 in Media Release, *Cutting student debt for more than three million Australians*, that the Government will cap the HELP indexation rate to the lower of either the CPI or the WPI with effect from 1 June 2023.

Application

Loan accounts that existed on 1 June 2023

Background

The Government commissioned the Australian Universities Accord Panel to conduct a review to 'drive lasting reform in Australia's higher education system'. On 25 February 2024, the Minister for Education released *The Australian Universities Accord Final Report* which contained 47 recommendations for Government consideration.

Recommendation 16 referred to reducing student contributions and reforming HELP repayment arrangements, including ensuring that growth in HELP loans does not outpace growth in wages by setting the HELP indexation rate to the lower of the CPI and WPI.

The change in indexation will be retroactively applied from 1 June 2023 and will cut debts by \$3 billion for 3 million Australians.

Outcome of measure

By changing the calculation of HELP indexation from 1 June 2023, the indexation rate is reduced from:

- 7.1 per cent to 3.2 per cent in 2023 and
- 4.7 per cent to around 4 per cent in 2024.

This will benefit all Australians with a HELP debt, fix last year's spike and prevent growth in debt from outpacing wages in the future.

Source: Budget Paper No. 2 page 63;
Fact Sheet: Easing cost-of-living pressures page 2
Budget Overview: Supporting students page 17 and
Minister of Education's Media Release: Cutting student debt for more than three million Australians,
dated 5 May 2024
Australian Government, Australian Universities Accord, Final Report, page 25.

► 2024-25 Federal Budget - \$20,000 instant asset write-off

KEY POINTS	
■	The Government has announced that it will extend the \$20,000 instant asset write-off threshold by 12 months until 30 June 2025.
■	Assets valued at \$20,000 or more, can be allocated to the small business simplified depreciation pool.
■	The lockout rules will also be suspended until 30 June 2025.

As part of the 2024–25 Federal Budget, the Government announced that it will extend the \$20,000 instant asset write-off threshold by 12 months.

START DATE

From 1 July 2024 until 30 June 2025

Background

A small business entity (SBE) can choose to use the small business capital allowance rules in Subdiv 328-D of the *ITAA 1997*. The rules allow:

- accelerated depreciation for SBE assets costing less than the prescribed threshold
- a taxpayer to effectively treat these assets as if they were a single asset using the one pool rate of 30 per cent (15 per cent in the income year in which the asset is acquired).

An entity is an SBE⁶¹ if:

- it carries on a business in the current year
- its aggregated turnover for either the previous income year and/or the current income year (actual or an estimate) is less than \$10 million.



Note

The 2023–24 Federal Budget announcement to implement a temporary \$20,000 instant asset write-off threshold for 2023–24 is not yet law. Senate amendments proposed increasing the threshold from \$20,000 to \$30,000 and expanding the measure to apply to medium entities. The measure is currently before the House of Representatives.⁶²

Announcement

The Government will amend the tax law to allow SBEs to immediately deduct the full cost of eligible assets costing less than \$20,000 that are first used or installed ready for use between 1 July 2024 and 30 June 2025.

As per the operation of Subdiv 328-D:

- the \$20,000 threshold will apply on a per asset basis

⁶¹ As defined in s. 328-110 of the *ITAA 1997*.

⁶² The Senate made amendments to the *Treasury Laws Amendment (Support for Small Business and Charities and Other Measures) Bill 2023* on 27 March 2024.

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

The lock-out rule that prevents small businesses from re-entering the small business capital allowance regime for five years if they opt out will continue to be suspended until 30 June 2025.

Source: Budget Paper No. 2 page 14

► 2024-25 Federal Budget - Future Made in Australia - Making Australia a Renewable Energy Superpower

KEY POINTS	
■	The Government has announced that, as part of its <i>Future Made in Australia</i> package, it will introduce two time-limited tax incentives to invest in new industries: <ul style="list-style-type: none"> ■ a Critical Minerals Production Tax Incentive from 2027–28 to 2040–41 to support downstream refining and processing of Australia’s 31 critical minerals to improve supply chain resilience ■ a Hydrogen Production Tax Incentive from 2027–28 to 2040–41 to producers of renewable hydrogen to support the growth of a competitive hydrogen industry.
■	The tax incentives are proposed to be in effect from the 2027–28 to the 2040–41 income years.

The Government’s Future Made in Australia plan is about creating new jobs and opportunities for every part of Australia by maximising the economic and industrial benefits of the move to net zero and securing Australia’s place in a changing global economic and strategic landscape. The \$22.7 billion package will help facilitate the required private sector investment.

APPLICATION

From 2027–28 to 2040–41

As part of the 2024–25 Federal Budget, the Government announced the *Future Made in Australia — Making Australia a Renewable Energy Superpower* initiative as part of the overall package. The Government will provide an estimated \$19.7 billion over ten years from 2024–25 to accelerate investment in Future Made in Australia priority industries including renewable hydrogen, green metals, low carbon liquid fuels, refining and processing of critical minerals and manufacturing of clean energy technologies including in solar and battery supply chains.

The *Making Australia a Renewable Energy Superpower* package includes the introduction of two time-limited tax incentives to invest in new industries:

- a **Critical Minerals Production Tax Incentive** from 2027–28 to 2040–41 to support downstream refining and processing of Australia’s 31 critical minerals to improve supply chain resilience
 - the production incentive will be valued at 10 per cent of relevant processing and refining costs
 - applicable for up to 10 years per project for production between 2027–28 and 2039–40 by projects that reach final investment decisions by 2030.
- a **Hydrogen Production Tax Incentive** from 2027–28 to 2040–41 to producers of renewable hydrogen to support the growth of a competitive hydrogen industry and Australia’s decarbonisation

- the incentive will be \$2 per kilogram of renewable hydrogen produced for up to 10 years per project for production between 2027–28 and 2039–40 by projects that reach final investment decisions by 2030
- details are subject to consultation.

*Source: Budget Paper No. 2 page 67;
Budget Fact Sheet: A Future Made in Australia;
Budget Fact Sheet: Investing in a Future Made in Australia; and
Prime Minister’s Media Release: Investing in a future made in Australia, dated 14 May 2024*

▶ 2024-25 Federal Budget - National Cultural Policy - Film producer tax offset

KEY POINTS	
<ul style="list-style-type: none"> ■ The Government has announced that — as part of the <i>Revive</i> — <i>National Cultural Policy</i> measure — it will make changes to the Producer Tax Offset to remove: <ul style="list-style-type: none"> ■ the minimum length requirements for content ■ the above-the-line cap of 20 per cent of total qualifying production expenditure. ■ Proposed to commence from the 2025–26 income year. 	

Background

The Producer Tax Offset is a refundable tax offset for Australian expenditure in making Australian films when certain conditions are met. The amount of the offset is:

START DATE
2025–26 income year

- 40 per cent of the company’s qualifying Australian production expenditure (QAPE) on a feature film
- 20 per cent of the company’s total QAPE on a film that is not a feature film.

The minimum duration requirement differs depending on the format of the production.

Announcement

As part of the 2024–25 Federal Budget measure titled *Revive* — *National Cultural Policy*, the Government announced that it will make the changes to the Producer Tax Offset from 2025–26 to remove:

- the minimum length requirements for content
- the above-the-line-cap of 20 per cent of total QAPE.

Source: Budget Paper No. 2 page 151

► 2024-25 Federal Budget - Supporting Small Business

KEY POINTS	
<ul style="list-style-type: none"> ■ The Government has announced funding of \$41.7 million over four years from 2024–25 for the following initiatives which support small businesses: <ul style="list-style-type: none"> ■ increased resourcing for the Payment Times Reporting Regulator so that it can deliver its expanded functions, which include naming slow paying businesses ■ extending the NewAccess for Small Business Owners program and the Small Business Debt Helpline ■ improving the Franchising Code of Conduct sector and making it easier for small businesses to operate in the sector ■ expanding the service offering of the Australian Small Business and Family Enterprise Ombudsman which helps small businesses resolve disputes. 	

The Government announced, as part of the 2024–25 Federal Budget, that it would provide funding of \$41.7 million over four years from 2024–25 to support small business. The funding will support the following initiatives:

START DATE

Over four years from 2024–25

Objective	Support to be provided
Improving payment times to small businesses	Providing increased resourcing for the Payment Times Reporting Regulator so that it can deliver its expanded functions, which include naming slow paying businesses; and funding fit-for-purpose Information and communications technology infrastructure
Supporting mental health and financial wellbeing of small business owners	<ul style="list-style-type: none"> ■ Extending the NewAccess for Small Business Owners program, which provides tailored, free and confidential mental health support ■ Extending the Small Business Debt Helpline
Ensuring confidence in the franchising sector which comprises thousands of small businesses, employs 520,000 people and contributes more than \$135 billion to the Australian economy each year	<p>In response to the <i>2023 Schaper Review of the Franchising Code of Conduct</i>, the Government is providing \$3 million to:</p> <ul style="list-style-type: none"> ■ remake and improve the Code ■ promote best practice conduct between franchisors and franchisees ■ make it easier for small businesses to operate in the sector including through better access to dispute resolution
<p>Providing small business with better access to justice</p> <p>The ASBFEO assists and advocates for small businesses including helping to resolve disputes</p>	Funding of \$2.6 million will be provided to the Australian Small Business and Family Enterprise Ombudsman (ASBFEO) to expand its service offering

In addition, the Government will provide energy bill relief in the form of a \$325 rebate to each of the approximately one million businesses on small customer electricity plans.

Source: Budget Paper No. 2 pages 182 and 179;
Budget 2024–25 Small Business Fact Sheet

International

► 2024-25 Federal Budget - Strengthening the foreign resident CGT regime

KEY POINTS	
■	The Government has announced that it will strengthen the foreign resident capital gains tax (CGT) regime to ensure foreign residents pay their fair share of tax in Australia and to provide greater certainty about the operation of the rules by:
■	clarifying and broadening the types of assets on which foreign residents are subject to CGT
■	amending the point-in-time principal asset test to a 365-day testing period
■	requiring foreign residents disposing of membership interests exceeding \$20 million in value to notify the ATO prior to the transaction being executed.
■	Proposed to apply to CGT events commencing on or after 1 July 2025 .

As part of the 2024–25 Federal Budget, the Government announced that it will strengthen the foreign resident capital gains tax (CGT) regime to ensure foreign residents pay their fair share of tax in Australia and to provide greater certainty about the operation of the rules by:

APPLICATION

CGT events commencing on or after 1 July 2025

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

Background

Under the current law foreign residents are subject to CGT when they sell an asset with a sufficient economic connection to Australian land, specifically an asset that is taxable Australian property. Where the taxable Australian property is a membership interest in an entity that holds real property in Australia (an indirect real property interest) a foreign resident will be subject to CGT broadly where their associate inclusive participation interest is 10 per cent or more and the sum of the market value of the taxable Australian real property held by the entity exceeds the sum of the market values of its assets that are not Australian real property at that point in time.

Strengthening the regime

The measure is intended to ensure that Australia can tax foreign residents on direct and indirect sales of assets with a close economic connection to Australian land, bringing the treatment more in line with the tax treatment that already applies to Australian residents.

The new ATO notification process will improve oversight and compliance with the foreign resident CGT withholding rules, where a vendor self-assesses their sale is not taxable real property.

The proposed reforms will also align Australia’s tax law for foreign resident capital gains more closely with OECD standards and international best practice, thereby improving certainty for foreign investors.

The Government will consult on the implementation details of the measure which is estimated to increase receipts by \$600 million and increase payments by \$8 million over the five years from 2023–24.

Source: Budget Paper No. 2 pages 17-18

Superannuation

► 2024-25 Federal Budget - Paying superannuation on Government Paid Parental Leave

KEY POINTS
<ul style="list-style-type: none">■ The Government has announced that it will pay superannuation on Commonwealth government-funded Paid Parental Leave (PPL) for births and adoptions on or after 1 July 2025.■ Eligible parents will receive a contribution to their superannuation fund based on the superannuation guarantee rate (12 per cent from 1 July 2025).

In the lead up to the 2024–25 Federal Budget, the Treasurer, Jim Chalmers, announced on 7 March 2024 that the Government will pay superannuation on Commonwealth government-funded Paid Parental Leave (PPL) for births and adoptions on or after 1 July 2025.

START DATE

1 July 2025

Eligible parents will receive an additional payment based on the superannuation guarantee (i.e. 12 per cent of their PPL payments), as a contribution to their superannuation fund.

By paying super on Government PPL the aim is to help normalise parental leave as a workplace entitlement, like annual and sick leave, and reduce the impact of parental leave on retirement incomes.

Source: Budget Paper No. 2 page 166; and Treasurer’s Media Release: Paying super on Government Paid Parental Leave to enhance economic security and gender equality, dated 7 March 2024

► 2024-25 Federal Budget - Finance and Treasury portfolios - additional resourcing

KEY POINTS
<ul style="list-style-type: none">■ The Government has announced additional funding over four years from 2024–25 to support the delivery of various Government priorities in the Finance and Treasury portfolios — in relation to superannuation, this includes:<ul style="list-style-type: none">■ \$9.2 million to the Commonwealth Superannuation Corporation and the Department of Finance to implement the 2023–24 Budget measure <i>Better Targeted Superannuation Concessions</i> for members of the Commonwealth defined benefit superannuation schemes■ \$2.7 million (and \$0.7 million per year ongoing) to support the SuperStream Gateway Network Governance Body.

As part of the 2024–25 Federal Budget, the Government announced that it will provide funding to support the delivery of various Government priorities in the Finance and Treasury portfolios. In relation to superannuation, this includes:

- \$9.2 million over four years from 2024–25 (and \$1.1 million per year ongoing) to the Commonwealth Superannuation Corporation and the Department of Finance to implement the 2023–24 Budget measure *Better Targeted Superannuation Concessions* for members of the Commonwealth defined benefit superannuation schemes
- \$2.7 million over four years from 2024–25 (and \$0.7 million per year ongoing) to support the SuperStream Gateway Network Governance Body, an industry-owned not for profit organisation, to manage the integrity of the Superannuation Transaction Network, which allows Gateway Members to transmit contribution data between employers and superannuation funds, with funding provided through the ATO.

Source: Budget Paper No. 2 page 99 and 184

► 2024-25 Federal Budget - Workplace relations

KEY POINTS	
<ul style="list-style-type: none"> ■ The Government has announced additional funding over four years from 2024–25 to support the progression of the Government’s workplace relations agenda, including: <ul style="list-style-type: none"> ■ pursuing unpaid superannuation entitlements owed by employers in liquidation or bankruptcy from 1 July 2024 ■ supporting workplaces to implement policy changes such as the introduction of payday superannuation. 	

As part of the 2024–25 Federal Budget, the Government announced that it will recalibrate the *Fair Entitlements Guarantee Recovery Program* to pursue unpaid superannuation entitlements owed by employers in liquidation or bankruptcy from 1 July 2024.

The *Fair Entitlements Guarantee Recovery Program* aims to improve the recovery of employment entitlements advanced under the Fair Entitlements Guarantee (FEG). The FEG is a legislative safety net scheme of last resort with assistance available for eligible employees.

Other funding announced includes:

- \$60 million over four years from 2024–25 to increase the Productivity, Education and Training Fund to support practical activities by employer and worker representatives to boost workplace productivity and engage in tripartite cooperation. This will also support workplaces to implement policy changes such as the introduction of payday superannuation
- \$27.5 million over four years from 2024–25 (and \$7 million per year ongoing) to enable the Office of the Fair Work Ombudsman to continue targeting non-compliance with the *Fair Work Act 2009* by large corporate employers
- \$20.5 million over four years from 2024–25 (and \$5.1 million per year ongoing) to boost funding for the Office of the Fair Work Ombudsman to support small business employers to comply with recent changes to workplace laws.

Source: Budget Paper No. 2 page 99

▶ 2024-25 Federal Budget - Extension of the Tax Avoidance Taskforce

KEY POINTS	
■	The Government has announced that it will extend the ATO Tax Avoidance Taskforce for two years from 1 July 2026 .
■	This measure is estimated to increase receipts by \$2.4 billion and increase payments by \$1.2 billion over the 5 years from 2023–24.

As part of the 2024–25 Federal Budget, the Government announced that it will extend the ATO Tax Avoidance Taskforce for two years from 1 July 2026.

START DATE

1 July 2026

Background

The Tax Avoidance Taskforce aims to prevent, detect and address tax avoidance. Formed in 2016, it enhances and extends the ATO's existing activities to eradicate illegal and fraudulent tax arrangements.

It has a strong focus on the Top 1,100 public and multinational businesses and the Top 500 privately owned groups, but also covers all 5,000 high wealth private groups that control net wealth exceeding \$50 million and public and multinational businesses outside of the ATO's justified trust programs.

As of 30 June 2023, the taskforce has helped the ATO raise \$32.7 billion in tax liabilities.

Extending the Taskforce ensures the ATO continues to be well-resourced to pursue key tax avoidance risks, with a focus on multinationals, large public and private businesses, and high-wealth individuals.

This measure is estimated to increase receipts by \$2.4 billion and increase payments by \$1.2 billion over the 5 years from 2023–24.

Source: Budget Paper No. 2 page 17

▶ 2024-25 Federal Budget - Extension of the Personal Income Tax Compliance Program

KEY POINTS	
■	The Government has announced that it will extend the ATO Personal Income Tax Compliance Program for one year from 1 July 2027.
■	This measure is estimated to increase receipts by \$180.3 million and increase payments by \$44.3 million over the 5 years from 2023–24.

As part of the 2024–25 Federal Budget, the Government announced that it will extend the ATO Personal Income Tax Compliance Program for one year from 1 July 2027.

START DATE

1 July 2027

This extension will enable the ATO to continue to deliver a combination of proactive, preventative and corrective activities in key areas of non-compliance, including overclaiming of deductions, incorrect reporting of income and inappropriate tax agent influence. This will enable the ATO to continue its focus on emerging risks to the tax system, such as deductions relating to short-term rental properties. This measure is estimated to increase receipts by \$180.3 million and increase payments by \$44.3 million over the 5 years from 2023–24.

Source: Budget Paper No. 2 page 15

► **2024-25 Federal Budget - ATO Counter Fraud Strategy**

KEY POINTS	
<ul style="list-style-type: none"> ■ The Government has announced that it will provide \$187 million over four years from 1 July 2024 to the ATO to strengthen its ability to detect, prevent and mitigate fraud against the tax and superannuation systems. Funding includes: <ul style="list-style-type: none"> ■ \$78.7 million for upgrades to information and communications technologies ■ \$83.5 million for a new compliance taskforce ■ \$24.8 million to improve the ATO’s management and governance of its counter-fraud activities. ■ The Government will also extend the time the ATO has to notify a taxpayer if it intends to retain a business activity statement (BAS) refund for further investigation. ■ Proposed to commence from the first income year after Royal Assent of enabling legislation. 	

As part of the 2024–25 Federal Budget, the Government announced that it will provide \$187 million over four years from 1 July 2024 to the ATO to strengthen its ability to detect, prevent and mitigate fraud against the tax and superannuation systems.

START DATE
First income year after Royal Assent of enabling legislation

Funding includes:

- \$78.7 million for upgrades to information and communications technologies to enable the ATO to identify and block suspicious activity in real time
- \$83.5 million for a new compliance taskforce to recover lost revenue and intervene when attempts to obtain fraudulent refunds are made
- \$24.8 million to improve the ATO’s management and governance of its counter-fraud activities, including improving how the ATO assists individuals harmed by fraud
- \$0.4 million over four years from 1 July 2024 to the Department of Finance to undertake a Gateway Review process over the life of the proposal to ensure independent assurance, oversight and delivery of the measure.

The Government will also strengthen the ATO’s ability to combat fraud by extending the time the ATO has to notify a taxpayer if it intends to retain a business activity statement (BAS) refund for further investigation. The ATO’s mandatory notification period for BAS refund retention will be increased from 14 days to 30 days to align with time limits for non-BAS refunds.



Note

The extended period will strengthen the ATO’s ability to combat fraud during peak fraud events like the one that triggered Operation Protego. Legitimate refunds will be largely unaffected. Any legitimate refunds retained for over 14 days would result in the ATO paying interest to the taxpayer — as is currently the case. The ATO will publish BAS processing times online.

This measure is estimated to increase receipts by \$302.2 million and increase payments by \$187.4 million over the five years from 2023–24.

Source: Budget Paper No. 2 page 16

► 2024-25 Federal Budget - Extension of the Shadow Economy Compliance Program

KEY POINTS	
■	The Government has announced that it will extend the ATO Shadow Economy Compliance Program for two years from 1 July 2026 .
■	This measure is estimated to increase receipts by \$1.9 billion and increase payments by \$610.2 million over the 5 years from 2023–24. This includes an increase in GST payments to the states and territories of \$429.6 million.

As part of the 2024–25 Federal Budget, the Government announced that it will extend the ATO Shadow Economy Compliance Program for two years from 1 July 2026.

START DATE

1 July 2026

The extension of the Shadow Economy Compliance Program will enable the ATO to continue to reduce shadow economy activity, thereby protecting revenue and preventing non-compliant businesses from undercutting competition.

This measure is estimated to increase receipts by \$1.9 billion and increase payments by \$610.2 million over the 5 years from 2023–24. This includes an increase in GST payments to the states and territories of \$429.6 million.

Source: Budget Paper No. 2 page 16

▶ 2024-25 Federal Budget - Funding for the ATO

KEY POINTS

- The Government has announced that it will provide the ATO with various amounts of funding including:
 - \$4.8 million over four years from 2024–25 to ensure satisfactory engagement with the Australian tax system regarding fitness and propriety requirements of existing and new child care providers (relating to the Child Care Subsidy Program)
 - \$155.6 million over two years from 2024–25 to continue operating and improving the Government’s Digital ID, myGovID, and the system which supports authorised access to a range of government business services
 - \$1.9 million in 2024–25 for a data-matching pilot between the Department of Home Affairs and the ATO of income and employment data to mitigate exploitation of migrant workers and abuse of Australia’s labour market and migration system
 - \$23.3 million over four years from 2024–25 to continue to oversee and operate the secure eInvoicing network.

As part of the 2024–25 Federal Budget, the Government announced that it will provide the ATO with various amounts of funding including:

START DATE

2024–25 income year

- \$4.8 million over four years from 2024–25 to ensure satisfactory engagement with the Australian tax system regarding fitness and propriety requirements of existing and new child care providers (relating to the Child Care Subsidy Program)
- \$155.6 million over two years from 2024–25 to continue operating and improving the Government’s Digital ID, myGovID, and the system which supports authorised access to a range of government business services
- \$1.9 million in 2024–25 for a data-matching pilot between the Department of Home Affairs and the ATO of income and employment data to mitigate exploitation of migrant workers and abuse of Australia’s labour market and migration system
- \$23.3 million over four years from 2024–25 to continue to oversee and operate the secure eInvoicing network as part of the Government’s work to combat scams and online fraud through the introduction of mandatory industry codes to be established under a Scams Code Framework and increased use of the secure eInvoicing network.

Source: Budget Paper No. 2 pages 86, 97; 136 and 180

Other measures

► 2024-25 Federal Budget - Extension and expansion of the Energy Bill Relief Fund

KEY POINTS
<ul style="list-style-type: none">■ The Government has announced that it will provide \$3.5 billion over three years from 2023–24 to 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.

As part of the 2024–25 Federal Budget, the Government announced that it will provide \$3.5 billion over three years from 2023–24 to 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.

START DATE

1 July 2024

From 1 July 2024, all households will see a \$300 credit automatically applied to their electricity bills and around one million small businesses will receive \$325 off their bills over 2024–25. The credits will be applied in quarterly instalments.

*Source: Budget Paper No. 2 page 179-180
Budget Overview: Page 14 and*

Treasurer's Media Release: New power bill relief, dated 14 May 2024

► 2024-25 Federal Budget - Modernising Digital Assets and Payments Regulation

KEY POINTS
<ul style="list-style-type: none">■ The Government has announced that it will provide \$7.5 million over four years from 2024–25 (and \$1.5 million per year ongoing) to modernise regulatory frameworks for financial services to improve competition and consumer protections for services enabled by new technology.

As part of the 2024–25 Federal Budget, the Government announced that it will provide \$7.5 million over four years from 2024–25 (and \$1.5 million per year ongoing) to modernise regulatory frameworks for financial services to improve competition and consumer protections for services enabled by new technology.

START DATE

The 2024–25 income year

The Government will:

- develop and consult on legislation to licence and regulate platforms that hold digital assets and progress related reforms, including continuing exploratory work on Central Bank Digital Currencies, asset tokenisation and decentralised finance
- introduce a new regulatory framework for payment service providers (including digital wallets and electronic stored value providers), including licensing and a mandated ePayments Code.

The Government will consider future funding requirements to implement the proposed reforms informed by the development of legislation.

Source: Budget Paper No. 2 page 182

► 2024-25 Federal Budget - Extension of transitional reporting for charities and updates to specifically listed DGRs

KEY POINTS

- The Government has announced that it will extend the current charity transitional reporting arrangement for five years.
- In addition, it will make changes to a number of specifically listed deductible gift recipients.

As part of the 2024–25 Federal Budget, the Government announced that it will:

- extend the current charity transitional reporting arrangement for five years
- make changes to a number of specifically listed deductible gift recipients.

Extension of transitional reporting for charities

The Government announced that it will remake the *Australian Charities and Not-for-profits Commission (Consequential and Transitional) Regulation 2016* with an extension of the current charity transitional reporting arrangement for five years.

The purpose of the Regulation is to reduce the regulatory reporting burden on certain not-for-profit entities (registered entities) under the *Australian Charities and Not-for-profits Commission Act 2012* (the ACNC Act) by providing that the ACNC Commissioner may treat a statement, report or other document given under an Australian law to an Australian Government agency by a registered entity as satisfying certain reporting obligations under the ACNC Act.

Updates to specifically listed DGRs

The Government announced that it will amend the tax law to specifically list the following organisations as deductible gift recipients (DGRs):

- The Hillview Foundation Australia Limited for gifts received from 1 July 2024 to 30 June 2029
- subject to charity registration with the ACNC:
 - Skip Foundation Ltd for gifts received from 1 July 2025 to 30 June 2030⁶³
 - Combatting Antisemitism Fund Limited for gifts received from 1 July 2025 to 30 June 2030.

The Government has also approved DGR status for the Australian Muslim Advocacy Network's AMAN Foundation Ltd.

⁶³ In addition, the listing of Skip Foundation Ltd is subject to the condition that DGR funds can only be used for purposes consistent with existing DGR categories in the tax law, and it will maintain minimum annual distributions consistent with the current requirements for ancillary funds.

The Government will also remove the following specifically listed DGRs as the organisations are no longer operating:

- Don Chipp Foundation Ltd
- Ian Clunies Ross Memorial Foundation
- Ian Thorpe's Fountain for Youth
- Layne Beachley – Aim for The Stars Foundation Limited
- National Congress of Australia's First Peoples Limited
- Sir William Tyree Foundation
- SouthCare Helicopter Fund Pty Limited
- The Lingiari Policy Centre Limited.

Source: Budget Paper No. 2 page 13

► 2024-25 Federal Budget - Anti-money laundering and counter-terrorism financing reform

KEY POINTS	
■	The Government has announced that it will provide \$168.0 million over four years from 2024–25 to implement reforms to strengthen Australia's Anti-Money Laundering and Counter-Terrorism Financing Act 2006, to enhance Australia's ability to detect and disrupt illicit financing. Funding includes: <ul style="list-style-type: none">■ \$160.8 million over two years from 2024–25 for the Australian Transaction Reports and Analysis Centre (AUSTRAC) to expand its regulatory, intelligence and data capabilities and provide guidance to newly regulated entities■ \$7.0 million over four years from 2024–25 for the Attorney-General's Department to support the implementation of the legislative reforms through the provision of policy and legal advice and stakeholder consultation, and to deliver a program of anti-money laundering and counter-terrorism financing capacity building in the Pacific.

As part of the 2024–25 Federal Budget, the Government announced that it will provide \$168.0 million over four years from 2024–25 to implement reforms to strengthen Australia's Anti-Money Laundering and Counter-Terrorism Financing Act 2006, to enhance Australia's ability to detect and disrupt illicit financing.

Background

The Attorney-General's Department held a first round of consultation on proposed reforms to modernise Australia's anti-money laundering and counter-terrorism financing regime between April and June 2023, following the release of its first consultation paper. The Department received 142 submissions in response, which were broadly in support of reform, including:

- simplification and modernisation of the regime
- regulation of tranche-two entities — i.e. certain high-risk services provided by some professions, including lawyers, accountants, trust and company service providers, real estate professionals and dealers in precious metals and stones.

Funding includes:

- \$160.8 million over two years from 2024–25 for the Australian Transaction Reports and Analysis Centre to expand its regulatory, intelligence and data capabilities and provide guidance to newly regulated entities
- \$7.0 million over four years from 2024–25 for the Attorney-General’s Department to support the implementation of the legislative reforms through the provision of policy and legal advice and stakeholder consultation, and to deliver a program of anti-money laundering and counter-terrorism financing capacity building in the Pacific.



Notes

- Funding from 2025–26 for this measure will be held in the Contingency Reserve until the legislative reforms have passed the Parliament.
- The cost of this measure will be partially met from the Confiscated Assets Account under the *Proceeds of Crime Act 2002*.
- This measure builds on the 2023–24 Budget measure titled *Strengthening Australia’s Anti-Money Laundering Framework*.

Source: Budget Paper No. 2 page 45;
Government Media Release: *Boosting Australia’s anti-money laundering and counter-terrorism financing regime*, dated 6 May 2024

► 2024-25 Federal Budget - Women’s budget statement

KEY POINTS	
■	The Women’s Budget Statement focuses on the following priorities: <ul style="list-style-type: none">■ gender-based violence■ unpaid and paid care■ economic equality and security■ health■ leadership, representation and decision making.
■	Some of the key initiatives include: <ul style="list-style-type: none">■ taking urgent action to address epidemic rates of violence■ financial support and accommodation funding to assist women fleeing domestic violence■ cost-of-living relief including energy bill relief and an increase to the maximum rent assistance rates■ investments in women’s health■ paying superannuation on Paid Parental Leave from 1 July 2025■ funding towards wage increases for aged care workers and early childhood educators■ introduce a program to reduce industry gender segregation.

This year, the Government launched Australia's first national strategy with an explicit focus on achieving gender equality. *Working for Women: A Strategy for Gender Equality (Working for Women)* is the Government's ten-year commitment to 'shift the dial' on gender equality.

The Women's Budget Statement is now a reporting mechanism for *Working for Women*. From this Budget onward, the Women's Budget Statement will report on the Government's investments to implement *Working for Women*.

The 2024–25 Women's Budget Statement focuses on five priorities, which mirror the priority areas of *Working for Women*:

1. gender-based violence
2. unpaid and paid care
3. economic equality and security
4. health
5. leadership, representation and decision making.

The Government has announced measures as part of the Federal Budget to:

- take urgent action through the *National Plan to End Violence against Women and Children 2022–2032* to address the epidemic rates of violence in Australia
- permanently establish ongoing financial support through the Leaving Violence Program for victim-survivors leaving a violent intimate partner relationship
- increase funding to assist women and children fleeing domestic violence with crisis and transitional accommodation
- provide cost-of-living relief to all women taxpayers and reduce disincentives to their workforce participation via the legislated tax cuts
- deliver additional energy bill relief and increase the maximum rates of Commonwealth Rent Assistance
- invest in women's health to address the higher health costs faced by women, while ensuring greater choice, access and support
- reform the HELP debt indexation and introduce a new Commonwealth Prac Payment
- introduce a superannuation guarantee equivalent payment on Government-funded Paid Parent Leave from 1 July 2025
- provide funding towards wage increases for aged care workers and early childhood educators
- introduce the Building Women's Careers program that will boost women's participation in construction, clean energy and advanced manufacturing industries, and technology and digital sectors (as part of the Future Made in Australia initiative to reduce industry gender segregation).

Source: Women's Budget Statement

▶ 2024-25 Federal Budget - Carer Payment - increased flexibility

KEY POINTS

- The Government has announced that 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.

Background

Currently to receive the Centrelink Carer Payment the care giver is required to not be involved in work, study or training for more than 25 hours per week. This is to reflect the requirement that to receive this payment the care giver should be providing the care recipient with 'constant care'.

START DATE

20 March 2025

Announcement

As part of the 2024–25 Federal Budget, the Government announced that from 20 March 2025 the existing 25 hours per week will be amended to 100 hours over four weeks.

This limit will no longer capture study, volunteering and travel time so will only apply to employment.

In addition:

- 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.

Source: Budget Paper No. 2 page 166

▶ 2024-25 Federal Budget - Commonwealth Rent Assistance - increase in maximum rates

KEY POINTS

- The Government has announced that it proposes to increase the maximum rates of Commonwealth Rent Assistance by 10 per cent from 20 September 2024.



Background

Recipients of Centrelink/Department of Veterans Affairs payments and those receiving family tax benefit may also receive rent assistance if they are paying rent or other rent like payments over a minimum fortnightly threshold.

The current maximum fortnightly rates are \$188.20 for a single person and \$177.20 combined for a couple.

START DATE

20 September 2024

The Government has announced that it will provide \$1.9 billion over five years from 2023–24 (and \$0.5 billion per year ongoing from 2028–29) to increase the maximum rates of rent assistance by 10 per cent from 20 September 2024.

Source: Budget Paper No. 2 page 167

► **2024-25 Federal Budget - Higher JobSeeker rate for partial capacity to work**

KEY POINTS	
■	The Government has announced that it will extend eligibility for the existing higher rate of JobSeeker payment to single recipients with a partial capacity to work of zero to 14 hours per week from 20 September 2024.

Background

Currently those on JobSeeker payment who are aged 55 or over and have been on the payment for nine continuous months receive a higher rate of payment.

START DATE

20 September 2024

The current JobSeeker rates are shown in the table below:

Relationship status	Maximum payment per fortnight
Single with no children	\$762.70
Single with dependent children	\$816.90
Single 55 or older after 9 continuous months of payments	\$816.90
Partnered (Each)	\$698.30

Announcement

As part of the 2024–25 Federal Budget, the Government announced that from 20 September 2024 those with a partial capacity to work for up to 14 hours will receive this higher rate.

Source: Budget Paper No. 2 page 164

► **2024-25 Federal Budget - Freezing social security deeming rates**

KEY POINTS	
■	The Government has announced that it will freeze social security deeming rates at their current levels for a further 12 months until 30 June 2025.

Background

When calculating Centrelink and Department of Veterans affairs payments, rather than assessing the actual income from financial investments a deemed rate of return based on the total value of these investments is assumed. Some common examples of financial investments include bank accounts, term deposits, shares and managed funds.

Announcement

The government proposes to freeze the deeming rates (shown below) until 1 July 2025:

Deeming rate	Single	Pensioner Couple
0.25%	Up to \$60,400	Up to \$100,200
2.25%	Amounts over \$60,400	Amounts over \$100,200

Source: Budget Paper No. 2 page 170

► 2024-25 Federal Budget - Impact of the Douglas Decision on Social Security Means Testing

KEY POINTS
<ul style="list-style-type: none">■ The Government has announced that it will provide \$11.9 million over five years from 2023–24 (and \$0.9 million per year ongoing) to implement a social security means test treatment for the military invalidity payments affected by the Federal Court’s decision in <i>FCT v Douglas</i> [2020] FCAFC 220.

As part of the 2024–25 Federal Budget, the Government announced that it will provide \$11.9 million over five years from 2023–24 (and \$0.9 million per year ongoing) to implement a social security means test treatment for the military invalidity payments affected by the Federal Court’s decision in *FCT v Douglas* [2020] FCAFC 220.

START DATE

The 2023–24 income year

This approach ensures the *Douglas* decision does not affect income support payment rates for veterans who receive an invalidity payment from the Military Superannuation and Benefits Scheme and the Defence Force Retirement and Death Benefits Scheme, compared to the pre-*Douglas* arrangements.

Background

In *Douglas*, the Full Federal Court found that invalidity pensions paid under the Military Superannuation Benefits and Defence Force Retirement and Death Benefits schemes that commenced after 20 September 2007 were ‘superannuation lump sum payments’ rather than ‘superannuation income stream benefits’ within the meaning of the *ITAA 1997*.

As a result of the *Douglas* decision certain income streams that commenced on or after 20 September 2007 do not meet the requirements of reg. 1.06(1) of the *SIS Regs* because they can be cancelled, suspended, or reduced to nil in certain circumstances and therefore do not satisfy the definition of ‘superannuation income stream’ in s. 307-70.01 of the *Income Tax Assessment (1997 Act) Regulations 2021*. A superannuation benefit that is not paid from a ‘superannuation income stream’ cannot be a ‘superannuation income stream benefit’ for the purposes of s. 307-70(1) of the *ITAA 1997* and is instead a ‘superannuation lump sum’ for the purposes of s. 307-65(1) of the *ITAA 1997*.

The different classification may impact the timing of when the components of the payments are calculated, and the tax rates applicable to the components, with the result that the *Douglas* decision has potentially adverse income tax outcomes for some veterans.

Source: Budget Paper No. 2 page 171

► 2024-25 Federal Budget - Improving aged care support

KEY POINTS

- The Government has announced that it will provide \$2.2 billion over five years from 2023–24 to deliver key aged care reforms and to continue to implement recommendations from the Royal Commission into Aged Care Quality and Safety.
- The Government has also agreed to defer the commencement date of the new *Aged Care Act* to 1 July 2025.

Background

The government is currently in the middle of considering and implementing change to the way aged care is funded on the back of the Royal Commission into Aged Care Quality and Safety report released in 2021.

This will likely impact home care and residential care fees in the future. Generally, with past reform we have seen existing residents and home care recipients ‘grandfathered’ under the rules at the time they entered.

Announcement

As part of the 2024–25 Federal Budget, the Government has announced that it will provide funding of \$2.2 billion over the next five years to deliver key aged care reforms and to continue to implement recommendations from the Royal Commission into Aged Care Quality and Safety.

This funding includes the release of an additional 24,100 home care packages.

The Government has also agreed to defer the commencement date of the new *Aged Care Act* to 1 July 2025.

Source: Budget Paper No. 2 page 112

