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Federal Government Budget FY 2022/2023

Webinar: Thursday 31st March 2022 @ 12.30pm



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Welcome

- Financially Sorted – 2 office locations in Victoria

Moonee Ponds Level 1, Suite 2, 38 Margaret Street, Moonee Ponds

Wheelers Hill Level 2, Suite 10, 622 Ferntree Gully Road, Wheelers Hill



- Services – Taxation & Accountancy, Financial Planning & Wealth Creation, SMSF Services, Insurances, Loan Broking, Bookkeeping, Xero & Cloud Accountancy Training, CFO Services.
- Recommendation – Build a network of experts around you to help you achieve your objectives (would include property advocate, accountant – for both business & wealth purposes, conveyancer/solicitor)



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Disclaimer

□ General Advice Only

The information provided in this seminar/webinar has been prepared for general information purposes only and not as specific advice to any particular person or situation.

Any advice contained in this document is General Advice only and does not take into account any person's particular investment objectives, financial situation and particular needs.

Before making any decisions, it's recommended to seek advice from a qualified professional relevant to your particular needs or interests. This may include tax advice from an Accountant &/or Tax Agent, Financial Advice from Licensed Financial Adviser or other professionals where required.



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Agenda

Discussion Points

- ✓ Superannuation Changes
- ✓ Tax Cuts – Personal & Business
- ✓ Social Security
- ✓ Other Measures
- ✓ What to do Next

Budget Announcements are still only proposed at this stage & to be legislated!



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Highlights

□ Highlights

- ✓ “A strong economy means a stronger budget”
- ✓ 4 pillars
 1. Cost of living relief
 2. Jobs creation
 3. Essential services investment
 4. Higher defense and national security spend





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Highlights

□ Highlights

- ✓ Since December 2021 mid-year outlook, the underlying cash balance has improved by \$103.6 billion over the next 5 years
- ✓ FY2021/22 – deficit of \$79.8 billion
- ✓ FY2022/23 – deficit of \$78.0 billion (down from \$134.2 billion)
- ✓ Net debt of \$714.9 billion for FY2022/23 is expected
- ✓ And forecast to rise to \$864.7 billion in FY2025/26





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Superannuation

□ Superannuation

- ✓ Minimum pension drawdown relief extended to 2022/23
- ✓ Originally introduced in 2020/21 in response to the COVID-19 crisis, the Federal Government granted a temporary 50% reduction in the minimum pension drawdown
- ✓ This pension drawdown relief was extended to 2021/22 and will be extended for another year to 2022/23





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Superannuation

☐ Minimum Pension Drawdowns

Age	2013/14 to 2018/19	2019/20 to 2021/22	2022/23 (Legislated)	2022/23 (Now Proposed)
Under 65	4.0%	2.0%	4.0%	2.0%
65-74	5.0%	2.5%	5.0%	2.5%
75-79	6.0%	3.0%	6.0%	3.0%
80-84	7.0%	3.5%	7.0%	3.5%
85-89	9.0%	4.5%	9.0%	4.5%
90-94	11.0%	5.5%	11.0%	5.5%
95 or older	14.0%	7.0%	14.0%	7.0%



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Superannuation

□ SGC Updates

- ✓ The Budget paper did not contain any changes to the legislated Super Guarantee rises in the coming years

Period	SGC Rate
01.07.2002 to 30.06.2013	9.00%
01.07.2013 to 30.06.2014	9.25%
01.07.2014 to 30.06.2021	9.50%
01.07.2021 to 30.06.2022	10.00%
01.07.2022 to 30.06.2023	10.50%
01.07.2023 to 30.06.2024	11.00%
01.07.2024 to 30.06.2025	11.50%
01.07.2025 onwards	12.00%



□ Temporary Reduction in Fuel Excise

- ✓ 6 months only – from Budget night until 28th September 2022
- ✓ 50% reduction

Currently	Next 6-months
44.2 cents per litre	22.1 cents per litre

- ✓ Applies to both petrol and diesel
- ✓ Should take 2 weeks to come through
- ✓ Consumer watch dog – will it be passed on fully





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Personal Tax

□ Personal Taxes

- ✓ Cost of Living Tax Offset
- ✓ FY2022 income tax return
- ✓ An extra \$420 under a Cost-of-Living Tax Offset available to Australian's earning up to \$126,000 a year



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Personal Tax

☐ Personal Taxes

- ✓ This will be paid on top of the Low- and Middle-Income Tax Offset (LMITO), ceasing 31 June 2022
- ✓ Currently \$1,080
- ✓ Singles and each member of a couple eligible for the full amount of LMITO and the Cost-of-Living Tax Offset will receive a total \$1500 offset at tax time



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Personal Tax

□ LMITO

Taxable Income	2021/22 (Legislated)	2021/22 (Proposed)
\$37,000 or less	\$255	\$675
From \$37,001 to \$48,000	\$255 plus 7.5 cents for every dollar above \$37,000, up to a maximum of \$1,080	\$675 plus 7.5 cents for every dollar above \$37,000, up to a maximum of \$1,500
From \$48,001 to \$90,000	\$1,080	\$1,500
From \$90,001 to \$126,000	\$1,080 minus 3 cents for every dollar of the amount above \$90,000	\$1,500 minus 3 cents for every dollar of the amount above \$90,000



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Personal Tax

☐ Tax Cuts

✓ No change to stage 3 tax cuts

Taxable Income	FY2022 & FY2023 (Legislated)	FY2025 (Legislated)
\$Nil to \$18,200	0.00%	0.00%
\$18,201 to \$45,000	19.00% over \$18,200	19.00% over \$18,200
\$45,001 to \$120,000	\$5,092 + 32.50% over \$45,000	Not Applicable
\$120,001 to \$180,000	\$29,467 + 37.00% over \$120,000	Not Applicable
\$180,001 upwards	\$51,667 + 45.00% over \$180,000	Not Applicable
\$45,001 to \$200,000	Not Applicable	\$5,092 + 30.00% over \$45,000
\$200,001 upwards	Not Applicable	\$51,592 + 45.00% over \$200,000

✓ Tax relief locked in regardless of who wins the next election with Labor officially vowing to support the final stage of tax cuts



☐ Medicare Levy Thresholds

✓ Increase has arrived – effective 1st July 2021

Taxpayers (not entitled to seniors & pensioner tax offset)	FY2020/21	FY2021/22
Single	\$23,226	\$23,365
Couple/Sole Parent (Family Income)	\$39,167	\$39,402
Taxpayers (entitled to seniors and pensioners tax offset)		
Single	\$36,705	\$36,925
Couple/Sole Parent (Family Income)	\$51,094	\$51,401
For each dependent child or student, add ...	\$3,597	\$3,619



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□ Covid 19 Tests

- ✓ The Budget confirmed that the costs of taking a COVID-19 test to attend a place of work are tax deductible for individuals from 1 July 2021
- ✓ In making these costs tax deductible, the Government will also ensure Fringe Benefit Tax (FBT) will not be incurred by businesses where COVID-19 tests are provided to employees for this purpose





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□ Updates to DGR recipients

- ✓ The Government announced that it will amend the tax law to list the following organisations as deductible gift recipients (DGRs) for donations made within the specified dates:
 - ✓ Melbourne Business School Ltd from 1 July 2022;
 - ✓ Advance Global Australians Ltd from 1 July 2022 to 30 June 2027;
 - ✓ Leaders Institute South Australia Inc from 1 July 2022 to 30 June 2027;
 - ✓ St Patrick's Cathedral Melbourne Restoration Fund from 1 July 2022 to 30 June 2027; and
 - ✓ Up to 28 entities related to community foundations affiliated with the peak body Community Foundations Australia from 1 July 2022 to 30 June 2027



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Personal Tax

□ Updates to DGR recipients

The following changes were also announced:

- ✓ The listing of Sydney Chevra Kadisha as a DGR will also be extended for 2 years from 1 July 2022 to 30 June 2024
- ✓ Advance Global Australians Ltd will not be listed until it is registered with the Australian Charities and Not-for-profits Commission
- ✓ The specific listing of Mt Eliza Graduate School of Business and Government Ltd will be removed at the request of the organisation
- ✓ Community foundation-related entities will not be listed unless their governing rules do not permit a use of funds beyond that permitted for entities endorsed under the DGR categories in the tax law. Entities will also need to demonstrate that they will maintain minimum annual distributions, consistent with the current requirements for ancillary funds



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Business

☐ Tax Deduction – Training & Upskill Employees

- ✓ Deduct an additional 20% on external training courses provided to their employees
- ✓ The external training courses will need to be provided to employees in Australia or online, and delivered by entities registered in Australia
- ✓ Some exclusions will apply, such as for in-house or on-the-job training and expenditure on external training courses for persons other than employees



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Business

☐ Tax Deduction – Training & Upskill Employees

- ✓ The boost for eligible expenditure incurred by 30 June 2022 will be claimed in tax returns for the following income year
- ✓ The boost for eligible expenditure incurred between 1 July 2022 and 30 June 2024, will be included in the income year in which the expenditure is incurred
- ✓ The boost will apply to eligible expenditure incurred from Budget night until 30 June 2024



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Business

☐ Tax Deduction – Digital Adoption by Small Business

- ✓ Technology investment boost to support digital adoption by small business
- ✓ The boost will apply to eligible expenditure incurred from Budget night until 30 June 2023
- ✓ Deduct an additional 20 per cent of the cost incurred on business expenses and depreciating assets that support their digital adoption, such as portable payment devices, cyber security systems or subscriptions to cloud-based services
- ✓ Annual cap - \$100,000





□ PAYG Instalments

- ✓ Companies will be allowed to choose to have their PAYG instalments based on current financial performance
- ✓ This can be extracted from business accounting software (with some tax adjustments)
For example, Xero software
- ✓ Commencement date is "subject to advice from software providers about their capacity to deliver"
- ✓ It is anticipated that systems will be in place by 31 December 2023, with the measure to commence on 1 January 2024, for application to periods starting on or after that date





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Social Security

❑ One-off \$250 Cost of Living Payment

- ✓ Pensioners and low-income families relying on income support will receive a one-off cash bonus of \$250 in April 2022 to help with the cost-of-living pressures
- ✓ The payments are exempt from taxation and will not count as income support for the purposes of any income support payment
- ✓ A person can only receive one economic support payment, even if they are eligible under 2 or more of the categories outlined below
- ✓ Will only be available to Australian residents



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Social Security

□ Eligible Recipients Include:

- ✓ Age Pension
- ✓ Disability Support Pension
- ✓ Parenting Payment
- ✓ Carer Payment
- ✓ Carer Allowance (if not in receipt of a primary income support payment)
- ✓ Jobseeker Payment
- ✓ Youth Allowance
- ✓ Austudy and Abstudy Living Allowance
- ✓ Double Orphan Pension Special Benefit
- ✓ Farm Household Allowance
- ✓ Pensioner Concession Card (PCC) holders
- ✓ Commonwealth Seniors Health Card holders
- ✓ Eligible Veterans' Affairs payment recipients
- ✓ Veteran Gold card holders





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Tax Compliance and Integrity

□ ATO's Tax Avoidance

- ✓ The Government will provide \$325.0 million in FY2023/24 and \$327.6 million in FY2024/25 to the ATO to extend the operation of the Tax Avoidance Taskforce by 2 years to 30 June 2025
- ✓ The Taskforce was established in 2016 to undertake compliance activities targeting multinationals, large public and private groups, trusts and high wealth individuals
- ✓ It also scrutinises specialist tax advisors and intermediaries that promote tax avoidance schemes and strategies
- ✓ This measure is estimated to increase receipts by \$2.1 billion and increase payments by \$652.6 million over the forward estimates period



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Tax Compliance and Integrity

☐ Sharing of Single Touch Payroll (STP) data

- ✓ The Government has committed to the development of IT infrastructure required to allow the ATO to share STP data with State and Territory Revenue Offices on an ongoing basis
- ✓ Funding for this measure has already been provided and will be deployed following consideration of which States and Territories are able, and willing, to make investments in their own systems and administrative processes to pre-fill payroll tax returns with STP data



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Be Aware

☐ ATO Reviews/Audits

- ✓ Like anything, the Government & the ATO is looking closely
- ✓ ATO now chasing outstanding amounts and beginning to conduct reviews/audits again
- ✓ These questions/reviews/audits will continue and will increase

☐ Be Careful, They are Watching!





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Other Measures

□ National Security

- ✓ \$9.9 billion over 10 years to deliver a Resilience, Effects, Defence, Space, Intelligence, Cyber and Enablers (REDSPICE) package, which Government says will enhance the offensive and defensive cyber and intelligence capabilities
- ✓ Additional \$136.7 million in FY2022/23 for Australian Border Force's maritime surveillance and response capabilities
- ✓ \$116.8 million to increase the Australian Criminal Intelligence Commission's capacity to identify and disrupt serious criminal activity



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Other Measures

□ Health

- ✓ \$547 million for targeted mental health and suicide prevention initiatives
- ✓ \$331 million to promote the health of women and girls, including to support the National Women's Health Strategy
- ✓ \$28 million to commence work to establish Genomics Australia





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Other Measures

□ Family

- ✓ Paid Parental Leave scheme integrating existing schemes to give eligible families access to up to 20 weeks leave to use in ways that suit their specific circumstances





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Other Measures

☐ Infrastructure

- ✓ Additional \$17.9 billion committed to road, rail and community infrastructure projects





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Other Measures

□ Australian Capital Territory

- ✓ \$46.7 million for the Athllon Drive Duplication
- ✓ \$2.8 million for the Kent Street and Novar Street Intersection Upgrades
- ✓ \$1.5 million for the Inner Canberra Corridor Planning Package



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Other Measures

□ New South Wales

- ✓ \$1 billion for the Sydney to Newcastle – (Tuggerah to Wyong) faster rail upgrade
- ✓ \$336 million for the Pacific Highway – Wyong Town Centre
- ✓ \$264 million for the Newell Highway Upgrade – Heavy Duty Pavement Upgrades – North Moree
- ✓ \$232.5 million for Mulgoa Road Stage 2 – Glenmore Parkway to Jeanette Street, Stage 5A Blaikie Road to Jamison Road and Stage 5B Jamison Road to Union Road



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Other Measures

□ New South Wales

- ✓ \$100 million for the Southern Connector Road, Jindabyne
- ✓ \$95.6 million for the Picton Bypass and Picton Road – Planning
- ✓ \$77.5 million for a business case for Stage 2 of the Sydney Metro – Western Sydney Airport line
- ✓ \$352 million for the Milton Ulladulla Bypass
- ✓ \$300 million for the Grade Separating Road Interfaces
- ✓ \$65 million for the M5 Motorway – Moorebank Avenue – Hume Highway Intersection Upgrade



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Other Measures

☐ Northern Territory

- ✓ \$132 million for Central Australian Tourism Roads
- ✓ \$55 million for the Tiger Brennan Drive/Berrimah Road Intersection Upgrade



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Other Measures

☐ Queensland

- ✓ \$1.6 billion for the Brisbane to the Sunshine Coast (Beerwah-Maroochydore) rail extension
- ✓ \$1.121 billion for the Brisbane to the Gold Coast (Kuraby – Beenleigh) Faster Rail Upgrade
- ✓ \$150 million for the Brisbane Metro – Woolloongabba Station
- ✓ \$396 million for the South East Queensland City Deal
- ✓ \$27.2 million for three business cases for upgrades on the Bruce Highway between Anzac Avenue and Caboolture Bribie Island Road



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Other Measures

☐ Queensland

- ✓ \$22.5 million for Brisbane Olympic and Paralympic Games 2032 business case development
- ✓ \$20 million for safety upgrades on the Brisbane Valley Highway
- ✓ \$68.5 million for the Cooktown to Weipa Corridor Upgrade
- ✓ \$11.5 million for the Tennant Creek to Townsville Corridor Upgrade



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Other Measures

☐ South Australia

- ✓ \$200 million for the Marion Road – Anzac Highway to Cross Road
- ✓ \$120 million for the Adelaide Hills Productivity and Road Safety Package
- ✓ \$60 million for the South East Freeway Managed Motorways – Stage 2
- ✓ \$60 million for the Targeted Investments to Improve National Supply Chain Resilience



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Other Measures

☐ South Australia

- ✓ \$16 million for the Main South Road Productivity Package
- ✓ \$2.264 billion for the North South Corridor – Torrens to Darlington
- ✓ \$40 million for the Horrocks Highway Corridor
- ✓ \$20 million for the Marion Road and Sir Donald Bradman Drive Intersection Upgrade



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Other Measures

□ Tasmania

- ✓ \$336 million for the Tasmanian Roads Package – Northern Roads Package – Stage 2
- ✓ \$100 million for the Great Eastern Drive Tourism Support – additional packages
- ✓ \$96 million for the Tasmanian Freight Rail Revitalisation Program – Tranche 4
- ✓ \$56 million for the Tasmanian Roads Package – Tasman Highway Sideling Upgrade – Stage 2



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Other Measures

□ Tasmania

- ✓ \$24 million for the Bell Bay Line – Reconnection to the Bell Bay Wharf
- ✓ \$14.4 million for the Melba Line Bulk Minerals Rail Hub
- ✓ \$13.5 million for the Hobart – Northern Transit Corridor Solution



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Other Measures

□ Victoria

- ✓ \$3.1 billion in new commitments to deliver the \$3.6 billion Melbourne Intermodal Terminal Package:
 - \$1.2 billion for the Beveridge Interstate Freight Terminal in Beveridge, taking the total investment to \$1.62 billion
 - \$280 million for Road Connections, including Camerons Lane Interchange, to the Beveridge Interstate Freight Terminal
 - \$740 million for the Western Interstate Freight Terminal in Truganina
 - \$920 million for the Outer Metropolitan Ring – South Rail connection to the Western Interstate Freight Terminal



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Other Measures

□ Victoria

- ✓ \$109.5 million for the Mickleham Road Upgrade
- ✓ \$45 million for the Ballarat to Ouyen – Future Priorities
- ✓ \$23.1 million for the Canterbury Road Upgrade



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Other Measures

□ Western Australia

- ✓ \$145 million for the Thomas Road – Dual Carriageway – South Western Highway to Tonkin Highway and interchange at Tonkin Highway
- ✓ \$140 million for Regional Road Safety Upgrades
- ✓ \$100 million for the METRONET: Morrison Road Level Crossing Removal



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Other Measures

□ Western Australia

- ✓ \$50 million for the Tonkin Highway – North Ellenbrook Interchange
- ✓ \$48 million for the Moorine Rock to Mt Holland Road Upgrades
- ✓ \$40 million for the Newman to Katherine Corridor Upgrade - Great Northern Highway Upgrade - Newman to Port Hedland Overtaking Lanes



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Other Measures

☐ Disaster Support

- ✓ Disaster relief for floods in New South Wales and Queensland expected to exceed \$6 billion





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Other Measures

□ Regional Australia

- ✓ \$2.0 billion Regional Accelerator Program will diversify growing regional economies and create jobs in new and existing industries
- ✓ \$7.1 billion investment in infrastructure projects in four key regions seen as export frontiers, including in Darwin's export capacity, water infrastructure and supply chain projects in north and central Queensland, and increasing low-emissions production in Western Australia's Pilbara region



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Financial Planning

□ Financial Planning & Insurances – the importance of it

- ✓ What effect has Covid-19 had on your superannuation, insurances & investments
- ✓ Wealth & Financial Planning becomes imperative
- ✓ Contact - Dasith Monnekulame on dasithm@financiallysorted.com.au or 9888 3175

□ Objective – get yourself Financially Sorted!!!





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☐ Webinars

- ✓ Webinar – to be added
- ✓ Access via our website:
 - Watch
 - Download Presentation

- <https://www.financiallysorted.com.au/webinars/>





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Next Steps

**What to do
next?**

Election Coming
– What will Get
Legislated?

Access and
download via
Website

Ask for
Assistance





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Contact Details

☐ Next Steps

- ✓ Talk to us for assistance
- ✓ Make sure all compliance is up to date with ATO – ITR's, BAS's, Super
- ✓ It's time to get Financially Sorted!

☐ Contact

03 9370 4800

☐ Webpage

www.financiallysorted.com.au

☐ Email

enquires@financiallysorted.com.au

