

2019 BUDGET SPECIAL



With no more sitting days for the Senate between now and the next Federal Election, this year's budget is more of a campaign launch for the Liberal Party than a traditional budget. The Labor Party has already released their ambitious tax and superannuation agenda in stages. In light of this, we have decided to prepare this summary contrasting the planned tax and economic policies of both major parties. This is a simple summary highlighting what we feel will be most important to people in terms of tax and superannuation policies.



LIBERAL PARTY BUDGET 2019

TAX FOR INDIVIDUALS

The government plans to continue with their Personal Income Tax Plan that commenced in last year's budget.

- Changes are planned to be made to the Low and Middle Income Tax Offset and income tax brackets that will provide an extra refund for low to middle income tax payers starting in the 2018/19 year.
- The government plans further reductions to personal tax rates over the coming years, building on the tax cuts in the last budget. The Budget shows someone earning a \$50,000 taxable income will save \$1,205 in 2024-25, someone on \$80,000 will save \$1,955, a person on \$120,000 will save \$4,440, while all those on taxable incomes of \$200,000 and above will save \$11,640 a year in tax.

SMALL BUSINESS ASSET WRITE OFF

The government wants to increase the instant asset write off from the current threshold of \$20,000 to \$30,000. They also want to expand the businesses eligible to claim the write off to those with turnover under \$50 million (currently under \$10 million).

SUPER WORK TEST

From 1 July 2020 the government wants to allow taxpayers between 65 and 66 to make contributions to superannuation without meeting the work test. Individuals in this age bracket will also be able to access the bring forward rule to enable them to inject \$300,000 into their superannuation fund in one hit.

ABN REGISTRY ANNUAL CONFIRMATION

The government plans to introduce an annual confirmation process for all details of taxpayers with an A.B.N.

LABOR PARTY POLICIES

TAX FOR INDIVIDUALS

The Labor Party's planned changes to the tax system include:

- Changes to the Low and Middle Income Tax Offset and income tax brackets that will provide an extra refund for low to middle income tax payers starting in the 2018/19 year. Labor's changes give taxpayers an extra \$1.83 per week when compared to the budget tax cuts.
- Labor plans to reverse the top bracket tax cuts made in the last budget by the Government and any other cuts planned for future years by the Liberal Party.
- The removal of excess franking credits for everyone except pensioners and allowance recipients.
- The removal of the tax free threshold for those receiving trust distribution income. This policy currently has no carve out for small business.

REMOVAL OF CAPITAL GAINS DISCOUNT

The Labor Party have already pushed out the planned start date of this unpopular measure. Currently, only half the capital gain made on assets owned for more than 12 months is taxed. Under Labor this discount will be removed from assets purchased after 1 July 2020 and the full gain will be taxed.

NEGATIVE GEARING

No negative gearing (a tax deduction when your rental property expenses exceed your rental income) will be allowed on rental properties purchased from 1 July 2020 unless they are newly built homes.

SUPERANNUATION

The Labor party want to reduce the non-concessional cap for super funds from \$100,000 per year to \$75,000, increase the superannuation guarantee and wages base, abolish the catch-up rules for concessional contributions and abolish SMSF borrowing.