



2020 BUDGET SUMMARY



COVID-19 has impacted us in so many ways in 2020 including the five month delay in releasing the Federal Budget. The government is hoping that tax cuts and infrastructure boosts will result in a spending lead recovery out of the recession that we currently find ourselves in. The following is our summary of the key tax measures from Tuesday's budget.

PERSONAL TAX CUTS

The Government proposes to bring forward Stage 2 of the Personal Income Tax Plan by two years, from 1 July 2022 to 1 July 2020, comprising:

- * an increase in the 19 per cent tax bracket which will reduce the amount of tax you pay each week;
- * an increase in the 32.5 per cent tax bracket which will also reduce the amount of tax you pay each week;
- * an increase in the Low Income Tax Offset from \$445 to \$700, which directly reduces how much tax you pay.

The Government also confirmed that it will retain the Low to Middle Income Tax Offset for 2020–21. The Treasury wants us to spend this increase in after tax dollars to lead the country out of recession so as Tony Barber used to say—let's go shopping!

TEMPORARY LOSS CARRY BACK

Companies with an aggregated turnover of less than \$5 billion will be able receive a refund of tax paid for the 2018-2019 year where the company has made a loss in the 2019-2020 year. The claiming of the refund commences in the 2020-2021 tax return.

SMALL BUSINESS TAX CONCESSIONS

The Government plans to introduce a range of tax concessions for Small Business Entities and expand the definition of a Small Business Entity (SBE) to include businesses with turnover below \$50 million (currently below \$10 million).

Some of the new SBE tax concessions planned to be phased in are:

- * from 1 July 2020 — immediate deductions for eligible start-up expenses (such as structure formation costs) and some prepaid expenditure;
- * from 1 April 2021 — FBT exemptions for car parking and work-related portable electronic devices provided to employees;



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INSTANT ASSET WRITE OFF INCREASES

Eligible Businesses who have purchased an asset up to the value of \$150,000 can claim an immediate tax deduction for that amount in the year that the asset is first used. This measure has been extended out to 30 June 2022.

Full expensing in the year of first use will apply to:

- * new depreciating assets;
- * the cost of improvements to existing eligible assets; and
- * for small and medium sized businesses (aggregated annual turnover of less than \$50 million) – second-hand assets.

TAX FREE STATUS FOR SOME STATE GOVERNMENT GRANTS

The Government proposes to make regulations to ensure that specified State and Territory COVID-19 business support grant payments are exempt from income tax.

This is a particular boost for Victorians confirming the grants given on or after 13 September 2020 and for payments made between 13 September 2020 and 30 June 2021 which encompasses the second and third round of the Victorian Government Grants will be tax free.

THE JOBMAKER HIRING CREDIT

The Government has announced that it will provide \$4.0 billion over three years from 2020–21 to accelerate employment growth by supporting organisations to take on additional employees through a hiring credit.

The JobMaker Hiring Credit will be available to eligible employers over 12 months from 7 October 2020 for each additional new job they create for an eligible employee and like JobKeeper the payments will be made in arrears. There are quite a few eligibility requirements employers need to meet before they will be able to claim the following:

- * \$200 a week for each additional eligible employee they hire aged 16 to 29 years old;
- * \$100 a week for each additional eligible employee aged 30 to 35 years old.

JOBTRAINER—JOBMAKER FOR APPRENTICES

The Government has announced the introduction of a new Boosting Apprenticeship Commencements wage subsidy (the name doesn't exactly roll off the tongue).

* From 5 October 2020 to 30 September 2021, businesses of any size can claim the wage subsidy for any new, or recommencing, apprentices or trainees.

* Eligible businesses will be reimbursed for 50 per cent of an apprentice or trainee's wages, up to \$7,000 per quarter, capped to 100,000 places.



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