



## 2021 BUDGET SUMMARY



We sat eagerly awaiting Josh Frydenberg's Budget Speech on Tuesday night (well Nicole did) and the result was pretty deflating. COVID-19 caused financial havoc for so many people and this budget promised a blueprint on how to navigate us back towards a pre-COVID economy but what it has given us is a short sighted pitch for re-election votes. The following is our summary of the key tax measures from the budget.

### **HOMES**

#### **ASSISTANCE FOR HOME BUYERS**

The Treasurer announced on 8 May 2021 the following additional measures to assist taxpayers with owning their own homes:

- \* The **Family Home Guarantee** will be established to allow single parents with dependants to purchase a home with a deposit of as little as two per cent.
- \* The **New Home Guarantee** which allows first home buyers seeking to build a new home or purchase a newly built home to do so with a deposit of as little as five per cent.
- \* The **First Home Super Saver Scheme** allows the withdrawal of \$50,000 of voluntary contributions from superannuation to be put towards the purchase of a first home.

### **SUPERANNUATION**

#### **REMOVAL OF THE WORK TEST FOR NON-CONCESSIONAL SUPER CONTRIBUTIONS**

The Government announced that it will allow individuals aged 67 to 74 years (inclusive) to make or receive non-concessional or salary sacrifice superannuation contributions without needing to meet the work test. This includes the Brought Forward rule.

This measure is expected to commence from 1 July 2022.

Individuals aged 67 to 74 years will still have to meet the work test to make personal deductible super contributions.

#### **INCREASED ACCESS TO THE DOWNSIZER SUPER CONTRIBUTION**

The downsizer contribution currently allows eligible individuals to make a one-off, post-tax contribution to their superannuation of up to \$300,000 per person from the proceeds of selling their home after age 65.

As part of the Flexible Super initiatives in the 2021-22 Federal Budget, the Government has announced that it will reduce the eligibility age to make downsizer contributions from 65 to 60 years of age.

#### **SUPERANNUATION CONTRIBUTION THRESHOLD**

Every employee gets super! The Government announced that it will remove the current \$450 per month minimum income threshold, under which employees do not have to be paid the superannuation guarantee by their employer. The start date will depend on when this budget item becomes legislation.

## **INDIVIDUALS**

### **LOW TO MIDDLE INCOME TAX OFFSET (LMITO)**

The Government are keeping the Low to Middle Income Tax Offset in play for another year. This means that there will be no reduction in your pay packets in 2021-2022, which is great news. However, once the LMITO is removed the following year you will have more tax taken out of your pay than you have now.

## **BUSINESS**

### **INSTANT ASSET WRITE OFF**

This measure has been extended as part of the budget. 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 2023.

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.

### **TEMPORARY LOSS CARRY BACK**

It was announced in last year's budget that 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.

In this year's budget, the Government has announced that it will extend these temporary loss carry-back measures up until the 2022-23 year.

### **RECOVERY LOAN SCHEME**

The Government will provide participating lenders with a guarantee for 80 per cent (up from 50 per cent) of secured or unsecured loans of up to \$5 million (up from \$1 million) for a term of up to 10 years (up from five years) and with interest rates capped at 7.5 per cent. There will be some flexibility around variable rate loans where market interest rates rise over time.

Loans can be used by the SME for a broad range of business purposes, including to support investment and refinancing existing loans. Lenders will be able to offer borrowers a repayment pause of up to two years.

## **FUN**

### **MICRO BREWERIES AND DISTILLERS**

From July this year, eligible small brewers and distillers will be able to claim a refund on any excise they pay up to an increased annual cap of \$350,000. Currently, they are entitled to a rebate of 60 per cent of the excise they pay, up to an annual cap of \$100,000.



*This budget summary is intended to provide information of a general nature only. We have not taken into account your personal financial situation or needs. For personal advice please contact Complete Commerce.*