

CPA Australia's 2024-25 Federal Budget summary

The Treasurer Jim Chalmers announced a package of measures, including energy bill relief and rent assistance to bring down the cost of living and inflation, as the economy is expected to head into Budget deficits from 2024-25.

Key tax announcements are:

- **Stage 3 personal tax cuts** - a tax cut from 1 July 2024 under the revised Stage 3 tax changes, with an average annual tax cut of \$1,888 (or \$36 a week);
- **\$20k instant asset write-off for small businesses** - extended to 30 June 2025;
- **Tax incentives for Critical Minerals and Hydrogen production** - will operate from 2027-28 to 2040-41 to support producers of renewable hydrogen and downstream refining and processing of Australia's 31 critical minerals;
- **Foreign resident CGT rules** - the types of assets that foreign residents will be liable for will be clarified and broadened. The point-in-time principal asset test will be amended to a 365-day testing period. Foreign residents disposing of shares and other membership interests exceeding \$20m will be required to notify the ATO prior to the transaction;
- **Medicare levy the low-income thresholds** - increased for 2023-24;
- **Personal income tax compliance program** - extended for one year from 1 July 2027 to target the overclaiming of deductions, incorrect reporting of income and inappropriate tax agent influence;
- **Intangible assets and significant global entities (SGEs)** - 2022-23 Budget measure dropped; a new provision will be introduced from 1 July 2026;
- **Changes to existing measures** - anti-avoidance start date changed; thin cap to exempt forestry entities from the new earnings-based rules; Commissioner's discretion to not use a taxpayer's refund to offset old tax debts; 2019-20 Budget ABN proposals dropped;
- **BAS notification period** - the time the ATO has to notify a taxpayer if it intends to retain a BAS refund for further investigation will be extended from 14 days to 30 days;
- **Charities** - transitional reporting arrangements extended for 5 years;
- **ATO Shadow Economy Compliance Program** - extended for 2 years;
- **Strengthening Tax Compliance** – Australian Taxation Office Counter Fraud Strategy additional funding to strengthen tax and superannuation compliance;
- **Social security deeming rates** - frozen for a further 12 months (until 30 June 2025).

Key superannuation announcements are:

- **Super on Government Paid Parental Leave** - super to be paid on Government-funded Paid Parental Leave (PPL) for births and adoptions on or after 1 July 2025;
- **Payday Super** - no further details proposed measure but funding to improve unpaid super in bankruptcy and liquidations from 1 July 2024;
- **Super account balances above \$3m** - no further details but implementation funding for public sector schemes.
- **Gateway Network Governance Body** – additional support;
- **Early retirement incentives to employers** – need further information;
- **Social Security Means Testing** – impact of the Douglas decision;
- **Recalibration of the Fair Entitlements Guarantee Recovery Program** – to [pursue unpaid superannuation;

Federal Budget 2024-25: Every household gets \$300 energy rebate

The newly unveiled 2024-2025 Federal Budget focuses on mechanical short-term cost-of-living relief measures to tame inflation (figure) as the government anticipates economic growth to slow and budget deficits for the years ahead.

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