



mark trovato  
CHARTERED ACCOUNTANTS  
*Thinking ahead and beyond*



[FIRM PROFILE](#) [OUR SERVICES](#) [XERO](#) [CLIENT TOOLS](#) [NEWSLETTERS](#) [CONTACT US](#)

YOU ARE HERE: [HOME](#) > [NEWSLETTERS](#) > [NEWS ARCHIVES](#) > [FEDERAL BUDGET REPORT 2022 23](#)

## Federal Budget Summary 2022-23

On Tuesday 29 March 2022 the Treasurer, Josh Frydenberg, released the Federal Government's 2022-23 Budget.

Below we have summarised for you convenience, items announced but not yet legislated. Should you have any queries, please contact our office.

### Measures and start dates at a glance

#### Budget measure

<u>Individuals</u>	<u>Application date</u>
Increasing the Medicare levy low-income thresholds	From July 2021
Cost of living tax offset - LMITO increase -Increase the low and middle income tax offset (LMITO) by \$420 from \$1,080 to \$1,500.	2021-22 income year (to be paid upon 2022 ITR lodgement)
-The existing LMITO criteria applies including cut-off when ATI is above \$126,000	
\$250 cost of living payment	To be paid by Centrelink to eligible recipients in April 2022
Expansion to Home Guarantee Scheme -Increase the number of available guarantees from 10,000 to 35,000 each year to support eligible first homebuyers to purchase a new or existing home with a deposit as low as 5% - from 1 July 2022;	Various dates from 1 July 2022
-Establish a new Regional Home Guarantee which will provide 10,000 guarantees each year to support eligible homebuyers to purchase or construct a new home in regional areas - from 1 October 2022 to 30 June 2025;	
-Expand the Family Home Guarantee - to provide 5,000 guarantees to support eligible single parents with children to buy their first home or to re-enter the housing market with a deposit of as little as 2% - from 1 July 2022 to 30 June 2025	
<u>Deductions</u>	<u>Application date</u>
Tax deductibility of COVID-19 test expenses -Individuals will be able to deduct the costs of taking a COVID-19 test to attend a place of work	From 1 July 2022
<u>Businesses</u>	<u>Application date</u>
Small Business - Skills and training boost - additional 20 per cent deduction	Eligible expenditure incurred from 7:30pm (AEDT) 29 March 2022 until 30 June 2024
Small Business - Technology investment boost	Eligible expenditure incurred from 7:30pm (AEDT) on 29 March 2022 until 30 June 2023
COVID-19 Response Package - making COVID-19 business grants non-assessable non-exempt (NANE) income	Grant payments received in 2020-21 and 2021-22 Financial Years
Concessional tax treatment for primary producers generating revenue from carbon credit units and biodiversity certificates	From 1 July 2022
<u>Companies</u>	<u>Application date</u>
Employee Share Schemes - Expanding access and further reducing red tape	To be advised
<u>International</u>	<u>Application date</u>
Reducing regulatory burden for Australia's Foreign Investment Framework	From 1 April 2022

<u>Superannuation</u>	<u>Application date</u>
Supporting Retirees - Extension of the temporary reduction in superannuation minimum drawdown rates	Proposed to extend to the 2022–23 income year
<u>Other Taxes</u>	<u>Application date</u>
Temporary reduction in fuel excise	12.01 am on 30 March 2022 until 11.59 pm on 28 September 2022
<u>Related Laws</u>	<u>Application date</u>
Skills development and growing Australia's workforce - Apprenticeships	Funding over five years from 2021–22 for programs over various years
Women's Budget Statement - includes proposed changes to the Paid Parental Leave scheme from no later than 1 March 2023	Various

\*\*\*\*\*

### Tax-related measures

The major tax-related measures announced in the Budget included:

- **Personal tax rates**- no changes were made to personal tax rates, the Government having already brought forward the Stage 2 tax rates to 1 July 2020. The Stage 3 personal income tax cuts remain unchanged and will commence in 2024-25 as already legislated.
- **LIMITO retained for 2021-22** - the Government will retain the low and middle income tax offset for the 2021-22 income year. The LIMITO provides a reduction in tax of up to \$1,080.
- **Temporary full expensing extended** - the Government will extend the 2020-21 temporary full expensing measures for 12 months **until 30 June 2023**. This will allow eligible businesses with aggregated annual turnover or total income of less than \$5 billion to deduct the full cost of eligible depreciable assets of any value, acquired from 7:30pm AEDT on 6 October 2020 and first used or installed ready for use by 30 June 2023.
- **Loss carry-back extended** - the loss years in respect of which an eligible company (aggregated annual turnover of up to \$5 billion) can currently carry back a tax loss (2019-20, 2020-21 and 2021-22) will be extended to include the 2022-23 income year.
- **Individual residency test reformed** - the Government will replace the existing tests for the tax residency of individuals with a primary "bright line" test under which a person who is physically present in Australia for 183 days or more in any income year will be an Australian tax resident. Individuals who do not meet the primary test will be subject to secondary tests that depend on a combination of physical presence and measurable, objective criteria. The new rules will come into effect following Royal Assent of the enabling legislation.
- **Employee share schemes**- the Government will remove the cessation of employment as a taxing point for the tax-deferred employee share schemes. The change announced in the Budget will result in tax being deferred until the earliest of the remaining taxing points.
- **ATO debt recovery** - the AAT will be given the power to pause or modify ATO debt recovery action in relation to disputed debts of small businesses.
- **Self-education expenses** - \$250 threshold to be removed.

### Superannuation and related measures

The key superannuation and related measures announced in the Budget include:

- **Superannuation contributions work test** - to be repealed from 1 July 2022 for voluntary non-concessional and salary sacrificed contributions for those under age 75. However, the work test will still apply for personal deductible contributions by those aged 67-74.
- **SMSF residency rules**- to be relaxed by extending the central management and control test safe harbour from 2 to 5 years, and removing the active member test for both SMSFs and small APRA funds.
- **Conversions of legacy income streams**- individuals will be permitted to exit certain legacy retirement income stream products (excluding flexi-pensions or lifetime products in APRA-funds or public sector schemes), together with any associated reserves, for a 2-year period. Any commuted reserves will not be counted towards an individual's concessional contribution cap. Instead, they will be taxed as an assessable contribution for the fund.
- **Super Guarantee \$450 per month threshold** - to be removed from 1 July 2022.
- **Downsizer contributions**- eligibility age to be lowered from 65 to 60.
- **First Home Super Scheme** - to be extended for withdrawals up to \$50,000 (increased from \$30,000), plus some technical changes for tax and administration errors in applications.
- **Victims of domestic violence** - the Government will not proceed with its previous proposal to extend the early release of super to victims of family and domestic violence.
- **Pension Loans Scheme** - will be expanded to allow access up to 2 lump sums in any 12-month period (up to a total of 50 per cent of the maximum annual Age Pension); together with a Government guarantee that "No Negative Equity" will apply.

At the same time, the Budget did not contain any change to the legislated Super Guarantee rate increase from 9.5 per cent to 10 per cent for 2021-22.

### Previous announcements

- **30 per cent Digital Games Tax Offset** - for eligible businesses that spend a minimum of \$500,000 on qualifying Australian games expenditure (excluding gambling) from 1 July 2022.
- **Intangible assets depreciation** - option to self-assess effective life for certain intangible assets (eg intellectual property and in-house software).
- **Brewers and distillers**- the excise refund cap for small brewers and distillers will increase to \$350,000 from 1 July 2021.
- **Venture capital** - a review of the venture capital tax concessions will be undertaken in 2021.
- **Childcare** - increased subsidies from 1 July 2022.

### Housing

- Government to help another 10,000 first-home buyers build a new home with a 5 per cent deposit.
- Some 10,000 single parents to purchase a home with a 2 per cent deposit.
- Increasing the amount that can be released under the First Home Super Saver Scheme to \$50,000 from \$30,000.
- To allow those aged over 60 to contribute up to \$300,000 to their superannuation fund if they downsize their home, freeing up more housing stock for younger families

### Business

- Budget provides a further \$2.1 billion in targeted support for aviation, tourism, arts and international education providers.
- Tax relief for around 1,000 small brewers and distillers.
- Double its commitment to the "JobTrainer" fund to help create new apprenticeships and traineeships.
- Investing \$1.2 billion to build digital infrastructure, skills and cyber security.
- Launching a new patent box, under which income earned from new patents developed in Australia will be taxed at a concessional 17 per cent rate. The patent box will apply to the medical and biotech sectors.

### Welfare

- To spend \$13.2 billion over 4 years for National Disability Insurance Scheme.
- To commit \$17.7 billion in new aged care funding.
- A \$2.3 billion commitment to mental health care and suicide prevention.
- To commit \$2 billion to fund preschools.
- To provide more than \$19 billion in funding for universities in 2021-22.

### Natural disasters

- A \$10 billion government guarantee to make insurance more affordable in Northern Australia.
- More than \$600 million for community and household projects to mitigate the impact of natural disasters.
- \$170 million to boost internet and mobile coverage in regional Australia, particularly in bushfire-prone areas.

### Climate change

- The Budget provides over \$480 million in new funding for the environment, including \$100 million to protect oceans.
- Investing \$1.6 billion to fund priority technologies, including clean hydrogen and energy storage.

### National security

- The Budget provides \$1.9 billion over the decade to strengthen national security, law enforcement and intelligence agencies.



### Newsletter Subscription

Keep up to date, subscribe and receive our monthly newsletter.

Name:

Email:

[SUBSCRIBE »](#)



### Contact Us

#### Address:

Suite 2 / 71 Kent St, Busselton

Western Australia 6280

Phone: 08 97544499

Fax: 08 97543444

Email: [info@marktrovato.com.au](mailto:info@marktrovato.com.au)

[Find us on the map](#)

Find us on:  



