

JUNE 2024

1. Individual TAX RATES (Residents)

2023-2024		Proposed 2024-2025	
Taxable Income \$	Tax %	Taxable Income \$	Tax %
0-18,200	Nil	0-18,200	Nil
18,201-45,000	19	18,201-45,000	16
45,001-120,000	32.5	45,001-135,000	30
120,001-180,000	37	135,001-190,000	37
180,001 and above	45	190,001 and above	45

Note: The above rates do not include the Medicare levy 2%.

2. Individual TAX RATES (Non-Residents)

2023-2024		2024-2025	
Taxable Income \$	Tax %	Taxable Income \$	Tax %
0-120,000	32.5	0-135,000	30
120,001-180,000	37	135,001-190,000	37
180,001 and above	45	190,001 and above	45

Note: Non-Residents do not pay Medicare levy.

3. LITO 2023-2024

Taxable income (TI)	Amount of offset
\$0 - \$37,500	\$700
\$37,501 - \$45,000	\$700 - ((TI - \$37,500) x 5%)
\$45,001 - \$66,667	\$325 - ((TI - \$45,000) x 1.5%)
\$66,668 +	Nil

4. Medicare Levy Low Income thresholds 2023-2024

Category of taxpayer	No Medicare levy payable at or below:	Reduced Medicare levy payable within:	Full Medicare levy payable at or above:
Individual taxpayer	\$26,000	\$26,001 – \$32,500	\$32,501
Individual taxpayer eligible for the SAPTO	\$41,089	\$41,090 – \$51,361	\$51,362
Families eligible for the SAPTO	\$57,198	\$57,199 – \$71,497	\$71,498
Families not eligible for the SAPTO with no dependent child or student	\$43,846	\$43,847 – \$54,807	\$54,808

Note : For each dependent child or student, the family income thresholds increase by a further \$4,027, instead of the previous amount of \$3760.

5. Medicare levy Surcharge 2023-2024

Threshold	Base Tier	Tier1	Tier2	Tier3
Singles	\$93,000 or less	\$93,001 – \$108,000	\$108,001 – \$144,000	\$144,001 or more
Families	\$186,000 or less	\$186,001 – \$216,000	\$216,001 – \$288,000	\$288,001 or more
Rates	0.0%	1.0%	1.25%	1.5%

Note : The family income threshold for Medicare levy surcharge is increased by \$1,500 for each dependent child after the first child.

Medicare levy Surcharge 2024-2025

Threshold	Base Tier	Tier1	Tier2	Tier3
Singles	\$97,000 or less	\$97,001 – \$113,000	\$113,001 – \$151,000	\$151,001 or more
Families	\$194,000 or less	\$194,001 – \$226,000	\$226,001 – \$302,000	\$302,001 or more
Rates	0.0%	1.0%	1.25%	1.5%

Note: The family income threshold is increased by \$1,500 for each MLS dependent child after the first child.

PHI Rebates

Rebate if the oldest person covered on your policy is under 65 years old in 2023–24

Threshold	Base Tier	Tier1	Tier2	Tier3
Singles	\$93,000 or less	\$93,001 – \$108,000	\$108,001 – \$144,000	\$144,001 or more
Families	\$186,000 or less	\$186,001 – \$216,000	\$216,001 – \$288,000	\$288,001 or more
Rates	24.608%	16.405%	8.202%	Nil

<https://www.ato.gov.au/individuals-and-families/medicare-and-private-health-insurance/private-health-insurance-rebate/income-thresholds-and-rates-for-the-private-health-insurance-rebate#Familyincomethresholds>

6. Company tax rates

Income year	Turnover threshold	Tax rate for base rate entities under the threshold	Tax rate for all other companies
2021–22 and future years	\$50m	25.0%	30.0%

7. Small business measures:

7.1 Temporary extension of the instant asset write off

Government has announced an additional temporary 12-month extension of the \$20,000 instant asset write-off. Small businesses with aggregated annual turnover of less than \$10 million will be able to immediately deduct the full cost of eligible assets costing less than \$20,000, first used or installed ready for use between 1 July 2024 and 30 June 2025. From 1 July 2025, the instant asset write-off threshold will revert back to (less than) \$1,000.

7.2 Relieving energy bill pressure

The Government is providing certain direct **energy bill relief** for small businesses. Of note, the Energy Bill Relief Fund is providing energy rebates to each of the approximately one million businesses on small customer electricity plans to help cover their electricity bills. This Budget will provide additional energy bill relief of \$325 to eligible small businesses.

8. Superannuation:

8.1 SUPER TO BE PAID ON GOVERNMENT-FUNDED PAID PARENTAL LEAVE

Superannuation will be paid on **government-funded paid parental leave (PPL) 12% for** eligible parents of babies born or adopted on or after 1 July 2025 as a contribution to their superannuation fund annually.

8.2 Concessional contribution cap:

Concessional contributions are contributions that are made into your super fund before tax. They are taxed at a rate of 15% in your super fund regardless of your age. The concessional contribution cap for 2023-2024 is \$27,500. This includes:

- Employer contributions (including contributions made under a salary sacrifice arrangement)
- Personal contributions claimed as a tax deduction.

Note: From 1 July 2024, the general concessional contributions cap is \$30,000.

8.3 non-concessional contribution cap:

The standard non-concessional contribution cap for 2023-2024 is \$110,000 per person. Non-concessional contributions are contributions that are made from After-tax pay or savings. They include:

- Personal contributions you make into your own super account that are not claimed as a tax deduction.
- Personal contributions made by your spouse into your super account (spouse contributions).

Note: From 1 July 2024, the non-concessional contributions cap is \$120,000.

8.4 Carry forward concessional super contributions:

Unused concessional contributions are available on a rolling basis and can be carried forward for a maximum of 5 years, including when you were not a member of a super fund after which time they will drop off. As the measure was introduced from 1 July 2018 it means that 2019/20 was the first financial year this unused cap space could actually be used.

8.5 Spouse super-contribution

If you make an after-tax super contribution into your spouse's super, you may be eligible for a tax offset of up to \$540.

- To qualify for the full offset of \$540 in 2023-24, you need to contribute \$3,000 or more into your spouse's super and your spouse must earn¹ \$37,000 p.a. or less.
- A lower tax offset may be available if you contribute less than \$3,000 or your spouse earns more than \$37,000 p.a. but less than \$40,000 p.a.

8.6 Super co-contributions - Australian Taxation Office

If your total income is equal to or less than the lower threshold and you make personal contributions of \$1,000 to your super account, you will receive the maximum co-contribution of \$500.

Year	Maximum entitlement	Lower income threshold	Higher income threshold
2023-24	\$500	\$43,445	\$58,445
2024-25	\$500	\$45,400	\$60,400

8.7 Employer - Super Guarantee:

Super guarantee for 2023-2024 is 11%.

From 1 July 2024, the super guarantee increases from 11% to 11.5%. Further increase of 0.5% is scheduled for 2025-26 financial year when the rate reaches 12%.

8.8 First home super saver scheme: (FHSS)

From 1 July 2022 fund members may be able to release up to \$50,000 (increased from 30,000) in eligible super contributions, plus associated earnings, to help buy their first home with the first home super saver (FHSS) scheme to use as a deposit for your first home.

The amount of eligible contributions that can count towards this total for each financial year will remain at \$15,000.

9. Capital gains tax CGT

Most personal assets are exempt from CGT including your home, car and most personal use assets such as furniture. Capital gains tax is not a separate tax. It forms as a part of the income tax structure, with capital profits being added to taxable Income and taxed at the taxpayer's marginal rate. **CGT Discount:** If you buy an investment property and hold it for more than 12 months, you're entitled to a 50% discount on the amount of CGT payable.

The discount is 33.3% for super funds.

However, if the asset is owned by a company, the company is not entitled to any CGT discount. Instead the capital gain is taxed at the company tax rate and then distributed to shareholders as dividends. And for an SMSF, the tax rate is 15% and the discount is 33.3% (rather than 50% for individuals).

10.Division 293 tax–Additional tax on super contributions by high income earners

Division 293 tax reduces the tax concession on super contributions for individuals whose income is greater than the Division 293 threshold.

An additional 15 percent tax is payable on super contributions when you reach the income threshold of \$250,000 p.a. If you are required to pay this additional tax, making super contributions within the cap can still be a tax effective strategy.

Super contributions are taxed at a maximum of 30 percent and investment earnings in super are taxed at a maximum of 15 percent. Both these tax points are more favourable when compared to the highest marginal tax rate of 47 percent (including the Medicare levy).

11.HECS-HELP/ Repayments

Your HECS-HELP debt repayments will take effect through your taxes once your income surpasses the compulsory repayment threshold, even if you're still studying.

- The compulsory repayment threshold for the 2023-24 income year will be \$51,550.
- The compulsory repayment threshold for the 2024-25 income year will be \$54,434. You must advise your employer if you have a study or training support loan.

12. Exempting lump sum payments in arrears from the Medicare levy

The Government will exempt eligible lump sum payments in arrears from the Medicare levy from 1 July 2024. This measure will ensure low-income taxpayers do not pay higher amounts of the Medicare levy as a result of receiving an eligible lump sum payment, for example as compensation for underpaid wages.

13. Employee Share Schemes

From 1 July 2022: Cessation of employment is no longer a deferred taxing point. This means an employee is not required to pay income tax on their ESS interests only because he or she ceases employment.

14. Working from Home Expenses (Home Office)-2024 Claim Methods:

The method for calculating deductions for working from home expenses has been changed with effect from 1 July 2022. You no longer need a designated working area or home office.

The new fixed rate method allows you to claim 67 cents (instead of 52 cents) per working hour which covers internet, phone, electricity, gas, and stationery and computer consumables. Records of hours worked and evidence of expenses is required.

You can use the revised fixed rate method or the actual cost method.

15. FBT – Electric Car Discount

The Government will sunset the eligibility of plug-in hybrid electric cars for the FBT exemption for eligible electric cars subject to transitional measures. This change will apply from 1 April 2025. Arrangements involving plug-in hybrid electric cars entered into between 1 July 2022 and 31 March 2025 remain eligible for the Electric Car Discount. The law applies such that a plug-in hybrid electric car ceases to be a 'zero or low emissions vehicle' from 1 April 2025 and, thus, ceases to be eligible for the FBT exemption from 1 April 2025.

16. Other budget measures

Strengthening the foreign resident CGT regime

The Government will strengthen the foreign resident CGT regime to ensure foreign residents pay their fair share of tax in Australia and to provide greater certainty about the operation of the rules. The amendments will apply to CGT events commencing on or after 1 July 2025 to:

- clarify and broaden the types of assets that foreign residents are subject to CGT on;
- amend the point-in-time principal asset test to a 365-day testing period; and
- require foreign residents disposing of shares and other membership interests exceeding \$20 million in value to notify the ATO, prior to the transaction being executed.

This measure will ensure that Australia can tax foreign residents on direct and indirect sales of assets with a close economic connection to Australian land, more in line with the tax treatment that already applies to Australian residents.

The new ATO notification process will improve oversight and compliance with the foreign resident CGT withholding rules, where a vendor self-assesses their sale is not taxable real property.

Energy bill relief for households

The Government is providing direct **energy bill relief** for every Australian household. From 1 July 2024, all households will receive a total rebate of **\$300**, which will be automatically applied to their electricity bills in quarterly instalments and small businesses \$325 to be paid in the 2024-25 year."

Our Service Offerings

We do the following regularly as part of our service offering:

- Set up of companies.
- Set up trust structures for business trading and investment property purchases.
- SMSF Accounting and Auditing.
- SMSF loans.
- Home loans – Owner-occupied, Investment property loans. Trust loans (NDIS, Co-living).
- Personal loans.

As part of our loan processing, we provide RP data reports for a particular property and suburb profile summary for free to the clients. If you need such details, please share your requirements at

admin@rayfinancegroup.com.au.

Remember, all I 'sell' to you is my services as a mortgage broker; whether you are looking to buy your first place or whether you earn & own millions, I want you to want me in your side. Building wealth starts with getting good advice, and you don't need to pay for it (for mortgage broking).