

2023 FEDERAL BUDGET OVERVIEW

It has been six months since the October 2022-23 Budget was read. That Budget's focus was to reprioritise the Government's agenda. This May, the Government has continued that theme and introduced a budget that has little in the form of the sorely needed tax reform and lacks any meaningful measures to support business and private enterprise.

Key announcements made in tonight's Budget are:

Targeted superannuation concessions

The Government will reduce the tax concessions available to individuals with a total super balance exceeding \$3 million, from 1 July 2025. Individuals with a total super balance of less than \$3 million will not be affected. No further details in relation to the calculation method of this previously announced measure was included in tonight's Budget.

This measure will increase the tax rate to 30% (up from 15%) on earnings related to assets above the \$3 million threshold. This rate remains lower than the top marginal tax rate of 45%. Earnings relating to assets below the \$3 million threshold will continue to be taxed at 15% or 0% if held in a retirement pension account.

Interests in defined benefit schemes will be appropriately valued and will have earnings taxed under this measure in a similar way to other interests to ensure commensurate treatment.

The additional tax on earnings imposed by this measure will impact around 80,000 individuals in 2025-26, or approximately 0.5% of individuals with a super account. The measure will not place a limit on the amount of money an individual can hold in super. The current contributions rules will continue to apply.

Increasing the payment frequency of super payments

From 1 July 2026, employers will be required to pay their employees' super guarantee entitlements on the same day they pay salary and wages. Currently, employers are only required to pay their employees' super guarantee on a quarterly basis.

Accelerating tax deductions for housing build-to-rent developments

New eligible build-to-rent projects will be able to access an accelerated capital works deduction of 4% per year. To be eligible the project must:

- commence after 9 May 2023;
- consist of 50 or more apartments or dwellings made available for rent to the general public;
- the dwellings must be retained under single ownership for at least 10 years before being sold; and
- landlords must offer a lease term of at least 3 years for each dwelling.

\$20,000 instant asset write-off for small businesses

The Government has announced a temporary increase in the instant asset write-off threshold for small businesses with an aggregated annual turnover of less than \$10 million.

From 1 July 2023 until 30 June 2024 small businesses acquiring assets of up to \$20,000 will be able to immediately deduct the full cost of eligible assets that are first used or installed ready for use. The \$20,000 threshold will apply on a per asset basis.

Small Business Energy Incentive

Small and medium businesses, with aggregated annual turnover of less than \$50 million, will be able to deduct 120% of the cost of eligible depreciating assets that support “electrification and more efficient use of energy”. The maximum deduction is \$120,000.

A range of depreciating assets, as well as upgrades to existing assets, will be eligible for the Small Business Energy Incentive. These will include energy-efficient electrical goods such as energy-efficient fridges, assets that support electrification such as heat pumps and electric heating or cooling systems, and demand management assets such as batteries or thermal energy storage. Full details of the eligibility criteria are yet to be finalised.

Eligible assets and upgrades will need to be first used or installed ready for use between 1 July 2023 and 30 June 2024.

Compliance initiatives

Encouraged by the success of the ATO's existing audit and compliance programs, the government is continuing to invest in these compliance initiatives:

1. Extending the Personal Income Tax Compliance Program

The Government will provide \$89.6 million to the ATO and \$1.2 million to Treasury to extend the Personal Income Tax Compliance Program for two years from 1 July 2025 and expand its scope from 1 July 2023.

2. GST compliance program – four-year extension

The Government will provide \$588.8 million to the ATO over 4 years from 1 July 2023 to continue a range of activities that promote GST compliance. Funding through this extension will help the ATO develop more sophisticated analytical tools to combat emerging risks to the GST system.

3. Expanding the scope of the income tax anti-avoidance rules

The Government will make some technical changes to expand the scope of the general anti-avoidance rule for income tax (Part IVA of the Income Tax Assessment Act 1936). This change will apply to income years commencing on or after 1 July 2024, regardless of whether the scheme was entered into before that date.

4. Superannuation Guarantee Charge Audits

The Government will provide \$40.2 million to the ATO in 2023–24, to improve data matching capabilities to identify and act on cases of super guarantee underpayment by employers.

NDIS Services

Nexus Accountants has been running successfully for 28 years, is now proud to announce our services to NDIS Participants to help manage their finances.

Our qualified experienced team at Nexus Plan Management cares about you, your goals and aspirations. Our trusted team, is here to help alleviate the stress that comes with finances!

We know that navigating through NDIS can be a difficult and we are here to assist, you. Our service is for FREE to NDIS participants!

As your plan manager, we are here to take the stress out of managing your NDIS plan and you can get on with enjoying your life! Our team will submit your claims to NDIS portal, paying your invoices, and assist you with any NDIS related issues

For any enquires please contact your Nexus Accountants for further information.

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