

# 2019 Federal Budget Analysis

2 April 2019

**Treasurer Josh Frydenberg's first Budget focuses on reducing the tax burden for the majority of working Australians, greater superannuation flexibility for retirees and a one off energy relief payment for eligible income support recipients.**

**Note:** These changes are proposals only and may or may not be made law.

## Personal tax savings

### Immediate tax relief

Low and middle income earners will receive a tax saving of up to \$1,080 per person. This can be claimed in the 2018/19 tax return.

### Preservation of tax relief for low and middle income earners

From 1 July 2022, the 19 per cent tax bracket will increase from \$41,000 to \$45,000, with an increase in the low income tax offset from \$645 to \$700.

### Reduction in key marginal tax rate

From 1 July 2024, the current 32.5 per cent marginal tax rate will drop to 30 per cent for income between \$45,000 and \$200,000.

### Minimisation of bracket creep

The Government estimates that from 1 July 2024, 94 per cent of taxpayers will have a marginal tax rate of no more than 30 per cent.

## Greater superannuation flexibility for retirees

### Changes to voluntary super contributions

Australians aged 65 and 66 will be able to make voluntary super contributions without meeting the Work Test – removing the need for people of this age to work a minimum 40 hours over a 30 day period.

### Increasing age limit for spouse contributions

The age limit for people to receive contributions made by their spouse on their behalf increases from 69 to 74 years.

### Extended access to bring-forward arrangements

People aged 66 and under will now be able to make three years' worth of non-concessional contributions to their super in a single year, capped at \$100,000 a year.

## Small to medium business

### Increase in instant asset write-off

The threshold for the instant asset write-off increases to \$30,000 from \$20,000. It has also been broadened to include businesses with up to \$50 million in turnover, making it available to around 3.4 million Australian businesses.

## Pensioners and welfare recipients

### Energy Assistance Payment

Over 3.9 million eligible Australians will automatically receive a one-off payment of \$75 for singles and \$125 for couples (combined) to assist with their energy bills. This payment will be exempt from income tax and not counted as income for social security purposes.



## Contact us

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