

2018/19 Budget Update

The Government handed down the 2018/19 Federal Budget on Tuesday 8th May 2018. Some of the important proposals include:



- The introduction of the 'Low and Middle Income Tax Offset', a temporary non-refundable tax offset of up to \$530 p.a. to Australian resident low and middle income taxpayers for the 2019 to 2022 income years. This offset will apply *in addition* to the Low Income Tax Offset.
- Providing tax relief for individual taxpayers by progressively increasing some of the tax brackets (including an increase in the top threshold of the 32.5% personal income tax bracket from \$87,000 to \$90,000 from 1 July 2018), and eventually removing the 37% tax bracket entirely.
- The \$20,000 immediate write-off for small business will be extended by a further 12 months to 30 June 2019 (i.e. for businesses with aggregated annual turnover less than \$10 million).
- Partners that alienate their income by creating, assigning or otherwise dealing in rights to the future income of a partnership (i.e., 'Everett assignments' will no longer be able to access the small business CGT concessions from 8 May 2018.
- Increasing the maximum number of allowable members in an SMSF (or small APRA fund) from four to six members from 1 July 2019 (along with various other superannuation-related proposals)
- Ensuring that unpaid present entitlements ('UPEs') come within the scope of Div.7A from 1 July 2019.
- Denying deductions for expenses associated with holding vacant residential or commercial land from 1 July 2019.