



2022 / 2023 Federal Budget

“Tonight, as we gather, war rages in Europe. The global pandemic is not over. Devastating floods have battered our communities. We live in uncertain times.

The last two years have been tough for our country, there have been setbacks along the way but Australia remains resilient. Australians remain strong. We have overcome the biggest economic shock since the Great Depression.”

Josh Frydenberg, 2022-2023 Federal Budget Speech
29th March, 2022

The Treasurer delivered his fourth budget last night which was much a prelude to the Federal Election (expected in May) as it was a manuscript to steer Australia towards economic recovery.

The Treasurer said a strong economic recovery is well underway, notwithstanding the COVID-19 pandemic and new shocks, such as the recent floods and the Russian invasion of Ukraine.

Mr Frydenberg said economic growth forecasts have been revised upwards, driven by stronger-than-expected momentum in the labour market and consumer spending.

The unemployment rate has also fallen to 4%, and is expected to reach 3.75% in the September 2022 quarter.

The main focus of the budget was on cost of living, defence, regional and a \$17.9 billion commitment to new and existing infrastructure (road, rail and community projects).

As expected, excise duties on fuel will be reduced by 50% for 6 months. (Interestingly, this does not extend to aviation fuel). This effectively provides a 22c a litre cut to the petrol excise.

There are many aspects to this budget, however we have selected those issues which will be of interest to clients and friends of NCS:

SME's

- Businesses with turnover less than \$50m:
 - 20% bonus deduction for eligible external training courses for upskilling employees from 19:30 hours 29th March, 2022 to 30th June, 2024.
 - 20% bonus deduction for expenditure on digital technologies (eg cloud computing, eInvoicing, cyber security and web design) for investments of up to \$100,000 per year from 19:30 hours 29th March, 2022 to 30th June, 2023.
- Employee share schemes – for company law purposes, the investment thresholds for unlisted companies will be changed so that ESS participants can invest up to \$30,000 per participant per year (accruable for unexercised options for up to 5 years), plus 70% of dividends and cash bonuses. Participants will also be able to invest any amount if it would allow them to immediately take advantage of a planned sale or listing of the company.



- Trust tax returns to be lodged by taxpayers electronically – estimate implementation 1st July, 2024
- PAYG instalments option - from 1 January 2024, companies will be allowed to choose to have their PAYG instalments calculated based on current financial performance, extracted from business accounting software (with some tax adjustments).
- PAYG and GST instalment uplift factor: 2% for 2022-23. This uplift factor is lower than the 10% that would have applied under the statutory formula. The 2% GDP uplift rate will apply to small to medium enterprises eligible to use the relevant instalment methods (up to \$10 million annual aggregated turnover for GST instalments and \$50 million annual aggregated turnover for PAYG instalments) in respect of instalments that relate to the 2022-23 income year and fall due after the enabling legislation receives assent.
- Taxable payments data reporting (TPAR) - from 1 January 2024, businesses will be provided with the option to report Taxable Payments Reporting System data on the same lodgment cycle as their activity statements, via accounting software. Applies to the following business services:
 - Building and construction
 - Courier or Road freight
 - Cleaning
 - Information Technology
 - Investigation or surveillance
- COVID-19 business grants designated non-assessable non-exempt income The measure that enables payments from certain state and territory COVID-19 business support programs to be made non-assessable non-exempt (NANE) for income tax purposes until 30 June 2022 has been extended.
- Single Touch Payroll data to be shared with States and Territories. The intention here is to reduce the bureaucratic burden on businesses in completing State Payroll Tax Reports
- The Budget did not contain any change to the legislated Super Guarantee rate rise from 10% to 10.5% for 2022-23. *Employers need to be mindful that they cannot use an employee's salary sacrificed contributions to reduce the employer's extra 0.5% of super guarantee.*
- Previously announced changes to superannuation - Removal of the \$450-a-month threshold before an employee's salary or wages count towards the superannuation guarantee. Commences 1st July, 2022
- Apprentices:
 - \$5,000 payment for new apprentices
 - \$15,000 wages subsidies for employers who take on apprentices.
- Patent box These measures will be extended to support practical, technology-focused innovations in the Australian agricultural sector and the Government's technology-focused approach. The Government has also expanded the previous Budget measure for Australian medical and biotechnology innovations, now allowing patents granted or issued after 11 May 2021 to be eligible for the regime.



Individuals

- A one-off \$420 cost of living tax offset for low and middle income earners increasing the low and middle income tax offset (LMITO) to a maximum of \$1,500 for 2021/22 only (up from \$1,080).
- \$250 payment for pensioners and welfare recipients – to be paid April, 2022
- No changes to personal tax rates. Next cuts (Stage 3) will commence in the 2024-25 year
- Super Guarantee rate - the Budget did not contain any change to the legislated Super Guarantee rate rise from 10% to 10.5% for 2022-23.
- Previously announced changes to superannuation - Removal of the \$450-a-month threshold before an employee's salary or wages count towards the superannuation guarantee.
- Expansion of 1st Home Buyers Scheme which will mean doubling the number of guarantees provided by the Government each year. Under the existing Scheme, eligible first home buyers can obtain a loan to build a new home or purchase a newly built home with a deposit of as little as 5%. The Scheme provides a Government-backed guarantee equals to the difference between the deposit and 20% of the purchase price. Applications can be made as part of the standard home loan application process through participating lenders.
- Medicare Levy Low-Income Thresholds - For the 2021-22 income year, the Medicare levy low-income threshold for singles will be increased to \$23,365 (up from \$23,226 for 2020-21). For couples with no children, the family income threshold will be increased to \$39,402 (up from \$39,167 for 2020-21). The additional amount of threshold for each dependent child or student will be increased to \$3,619 (up from \$3,597)
- COVID-19 test expenses to be deductible. The costs of taking a COVID-19 test to attend a place of work are tax deductible for individuals from 1 July 2021. In making these costs tax deductible, the Government will also ensure FBT will not be incurred by businesses where COVID-19 tests are provided to employees for this purpose.
- Superannuation pension drawdowns - 50% reduction extended to 2022-23 The temporary 50% reduction in minimum annual payment amounts for superannuation pensions and annuities will be extended by a further year to 30 June 2023.