



# Tax and Superannuation

## Australian Federal Budget 2023 – 2024 Small and Medium Business Issues



### Individuals

- No changes to rates
- Certain lump sums paid in arrears will be exempt from the Medicare Levy
- Increase in the Medicare Levy threshold for low-income individuals



### Small and Medium Business

- Small business energy incentive applies for the year ending 30 June 2024. Applies to electrification of assets and improvements to energy efficiency. Maximum \$20,000 deduction based on an additional 20% tax deduction for eligible expenditure.
- Full expensing of assets continues after 30 June 2023 but only for assets that cost less than \$20,000. This will apply only for the year ending 30 June 2024. After that (currently) the expenditure threshold will return to \$1,000.
- Provisions that prevent small businesses returning to the simplified depreciation rules after having opted out of that system will continue to be suspended until 30 June 2024.
- The PAYG and GST uplift factor which determines the amount of tax instalments will be set at 6% instead of 12%.

*Gone missing*



Shareholder loans (Division 7A) changes. Nothing said about the introduction of these changes announced some years ago.



### Superannuation

- Payment of superannuation contributions will be at the same time wages are paid from 1 July 2026.
- Additional 15% tax on individual superannuation balances that exceed \$3 m. Commences 1 July 2025.
- Non-arm's length income and expenses rules
  - Limiting of the application of the non-arm's length general expenses rules to twice the level of a non-arm's length general expense
  - Excluding superannuation contributions from the non-arm's length income rules
  - Exempting from the rules non-arm's length expenditure that occurred prior to the 2018-2019 income year.



### Tax Administration Measures

- The ATO will be given more money to help lower the administrative burdens on small business and to help businesses meet their tax and superannuation liabilities.
- Five new tax clinics will be created.
- Small businesses will have up to 4 years to amend their income tax returns from 1 July 2025.
- Small businesses will be able to authorise their tax agent to lodge multiple Single Touch Payroll forms for them from 1 July 2024.
- There will be extensive funding given to the ATO to assist it to collect GST.