

Navigating Complexities

Individuals & SMEs



Key Takeaways

Cost of living tax offset – Increasing the Low and Middle Income Tax Offset (LMITO)

Taxpayers earning less than \$126,000 a year will be eligible for the increase in the LMITO.

Those eligible for the offset currently receive between \$255 and \$1,080 when they lodge their 2021-22 tax return but under the changes they will now receive between \$675 and \$1,500, paid out from 1 July 2022.

\$250 cost of living payment

A one-off economic support payment of \$250 to eligible recipients of certain Government payments and concession card holders to be paid in April 2022.

Increasing the Medicare levy low-income thresholds from 1 July 2021

- The threshold for singles will be increased from \$23,226 to \$23,365. The family threshold will be increased from \$39,167 to \$39,402
- For single seniors and pensioners, the threshold will be increased from \$36,705 to \$36,925
- The family threshold for seniors and pensioners will be increased from \$51,094 to \$51,401
- For each dependent child or student, the family income thresholds will increase by a further \$3,619 instead of the previous amount of \$3,597.

Paid Parental Leave

Enhancements to the Paid Parental Leave scheme by rolling the Dad and Partner pay into Parental Leave Pay, to create a single scheme of up to 20 weeks shareable for eligible

working parents as they see fit. Leave to be taken any time within 2 years of the birth or adoption of the child. The income test will also be broadened to have an additional household income eligibility test.

Superannuation – Extension of the temporary reduction in superannuation minimum drawdown rates

The Government has extended the 50% reduction of the superannuation minimum drawdown requirements for account – based pensions and similar products for a further year to 30 June 2023.

Tax deductibility of COVID-19 test expenses

The cost of taking a COVID-19 test to attend a place of work will be tax deductible for individuals from 1 July 2021. In making these costs tax deductible, the Government will also ensure Fringe Benefits Tax (FBT) will not be incurred by businesses where COVID-19 tests are provided to employees for this purpose.

Small Business – Skills and training boost

From 29 March 2022 to 30 June 2024, small businesses (with aggregated annual turnover of less than \$50m) will be able to deduct an additional 20% of expenditure incurred on external training courses provided to their employees. The external training courses will need to be provided to employees in Australia or online and delivered by entities registered in Australia.

The boost for eligible expenditure incurred by 30 June 2022 will be claimed in tax returns for the following income year. The boost for eligible expenditure incurred between 1 July 2022 and 30 June 2024, will be included in the income year in which the expenditure is incurred.

Small Business – Technology investment boost

From 29 March 2022 to 30 June 2023, small businesses (with aggregated annual turnover of less than \$50m) will be able to deduct an additional 20% of the cost incurred on business expenses and depreciating assets that support their digital adoption, such as portable payment devices, cyber security systems or subscriptions to cloud-based services.

There will be a \$100,000 expenditure cap per income year. The boost for eligible expenditure incurred by 30 June 2022 will be claimed in tax returns for the following income year.

Lower pay as you go (PAYG) instalments

Lower PAYG instalments for small businesses via changes to calculation of PAYG and a lower GDP uplift rate.

To support companies cash flow management, the Government will allow PAYG instalments to be calculated based on financial performance. If financial performance declines, companies may be able to get automatically refunded instalments. New systems to implement this measure are expected to be in place by 31 December 2023 for implementation by 1 January 2024.

The GDP uplift rate, that applies to PAYG instalments and GST instalments, will be set at 2% for the 2022-23 income year. This applies to small to medium enterprises eligible to use the relevant instalment methods (up to \$10m aggregated turnover for GST instalments and \$50m annual aggregated turnover for PAYG instalments). This rate is significantly lower than the statutory formula rate of 10% rate.



Accountants & Advisors

Expansion of non-assessable COVID-19 Government grants

The Federal Government will increase the range of non-taxable Covid-19 Government grants. Additional specific state and territory COVID-19 business support program payments will be made non-assessable for income tax purposes until 30 June 2022.

Employee Share Schemes

The Government will expand the availability of employee share schemes to more employers and employees. The changes will ease investment thresholds for unlisted companies in relation to employee share schemes. Unlisted companies can invite employees to participate and 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, or
- any amount, if it would allow them to immediately take advantage of a planned sale or listing of the company to sell their purchased interests at a profit.

The Government will also remove regulatory requirements for offers to independent contractors, where they do not have to pay for their interest.

Smarter reporting of taxable payments

The Government will allow eligible businesses the option to report taxable payments reporting system data via software at the same time as activity statements. Businesses that opt into automatic reporting will no longer need to lodge the yearly Taxable Payments Annual Report.

New systems are expected to be in place by 31 December 2023, for implementation by 1 January 2024.

Small Business Support Package

New Access for Small Business Owners program delivered by Beyond Blue to continue to provide free, accessible, and tailored mental health support to small business owners.

Extending the Small Business Debt Helpline program operated by Financial Counselling Australia to continue to provide financial counselling to small businesses facing financial issues.

Did the Budget measure up?

Like the last budget, little by way of new initiatives or meaningful tax reform.



Our review



3/5 – Not a-maze-ing!

Some temporary relief for individuals and small businesses, however lacks long-term planning to address rising costs of living and stalled wage growth.

Other rating options

5/5 Prize found!

4/5 Some bits missing

3/5 Not a-maze-ing!

2/5 Promised a lot, dead ends

1/5 Nothing helpful found



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