SW Accountants & Advisors

SMEs & Superannuation

FedBud Fast Facts

Take the lead

25 October 2022

Small Business & Superannuation

Key takeaways

Expansion of non-assessable COVID-19 Government grants

The Federal Government will increase the range of COVID-19 Government grants to be treated as non-assessable, non-exempt (NANE) income.

Energy efficiency grants for small and medium sized enterprises

The Government will provide $62.6m over 3 years from 2022-23 to support small to medium sized enterprises to fund energy efficient equipment upgrades.

Electric car FBT exemption

From 1 July 2022 battery, hydrogen fuel cell and plug-in hybrid electric cars will be exempt from Fringe Benefits Tax and import tariffs if they have a first retail price below the luxury car tax threshold for fuel-efficient cars (currently $84,916).

Additional funding for ATO Tax Avoidance Taskforce

The Government will boost funding for the ATO Tax Avoidance Taskforce by around $200m per year over 4 years from 1 July 2022.

Additional funding for Director ID registry

With the Director ID registration initial deadline of 30 November 2022 fast approaching, an additional $86.2m of funding over 4 years to the ATO and ASIC to operate and regulate the Director Identification Number regime.

Reversal of taxpayers to self-assess the effective life of intangible depreciating assets

The Government will not proceed with the measure to allow taxpayers to self-assess the effective life of intangible depreciating assets, as previously announced in the 2021-2022 Budget.

Digital currencies not to be taxed as foreign currency

The Government will legislate to clarify that digital currencies (such as Bitcoin) continue to be excluded from the Australian income tax treatment of foreign currency and will continue the tax treatment as being subject to capital gains, revenue account or trading stock treatment as appropriate.

Limit on cash payments to business not proceeding

The previously announced (2018-19 Budget) $10,000 limit for cash payments made to businesses for goods and services will not proceed.

Tightening of the Thin Capitalisation provisions

For income years commencing on or after 1 July 2023, the Government will replace the safe harbour and worldwide gearing tests with earnings-based tests to limit debt deductions in line with the entity's activities under the Thin Capitalisation provisions.

These tests will likely be more punitive than the current rules but with the ability to carry forward deductions denied and claimed in a subsequent income year (up to 15 years).

Opening Doors

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Expanding eligibility for downsizer Super contributions

The minimum eligibility age for the downsizer contributions will move to 55 from 60 years of age.

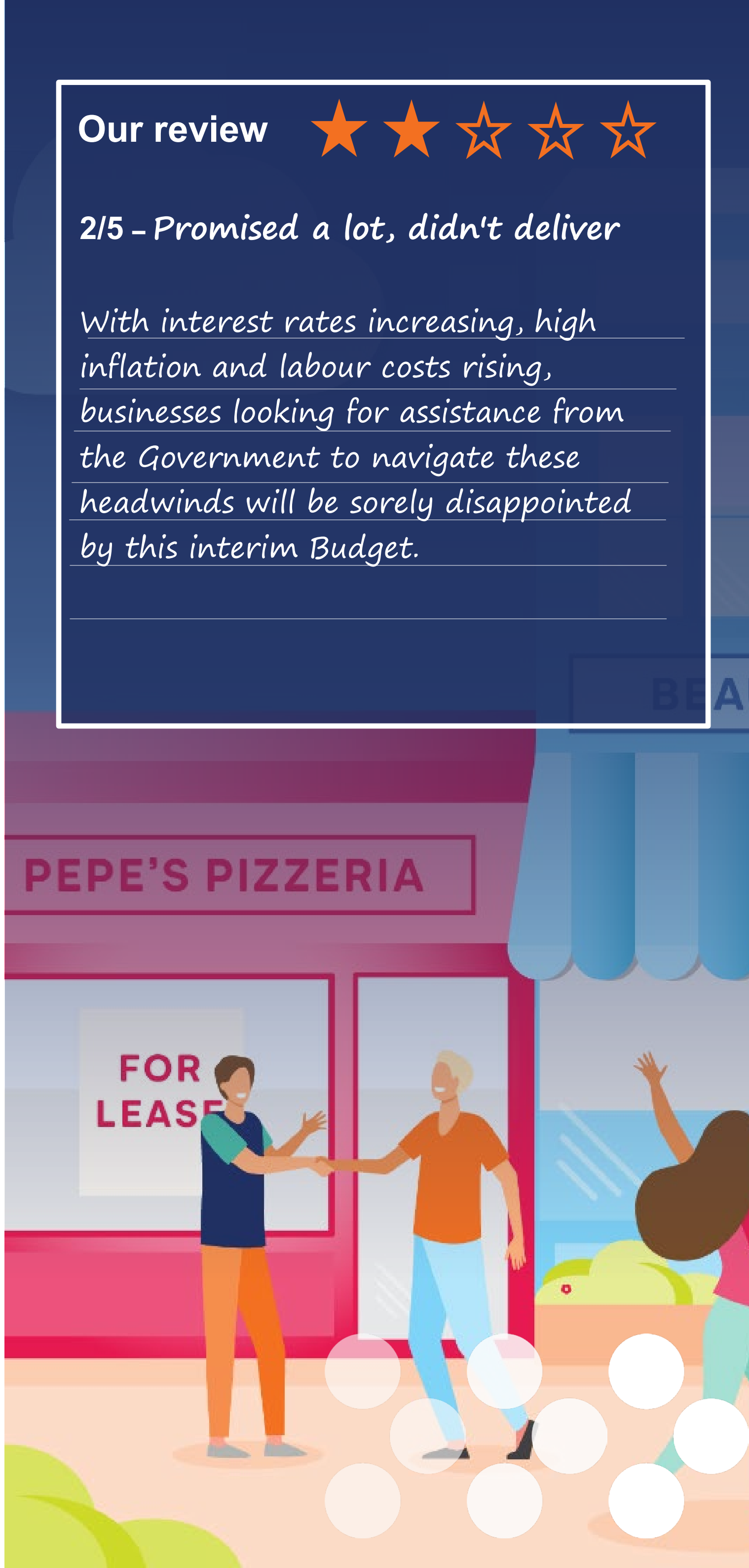
The measure will have effect from the start of the first quarter after Royal Assent of the legislation.

The downsizer contribution allows people to make a one-off post-tax contribution of $300,000 per person to their Super from the proceeds of selling their home.

Previously announced SMSF audit requirement not proceeding

It was announced in the 2018-19 Budget that certain SMSF's with a good compliance history would only need to be audited every three years.

This measure will not proceed, meaning that all SMSF's will still require an annual audit.



Our review ★★☆☆☆

2/5 – Promised a lot, didn't deliver

With interest rates increasing, high inflation and labour costs rising, businesses looking for assistance from the Government to navigate these headwinds will be sorely disappointed by this interim Budget.

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