

7<sup>th</sup> October 2020

## **SC Accounting:** **2020/2021 Budget Update: Jobs, Spending & Tax Cuts**

In this months update, we will be focusing on last nights budget announcements. The budget continues with this years theme of major tax changes as well as in addition to tax cuts, incentives for business to spend and incentives to hire additional staff. These changes will impact all Australians.

### **TAX CUTS: How much tax will I save?**

The federal government has confirmed that they will be bringing forward proposed tax cuts with an aim to bring more money into working households and therefor encourage spending. These tax changes are to be backdated to 1<sup>st</sup> July 2020. The tax thresholds for 32.5% tax rates and 37% tax rates will be significantly increased. Details are located below:

<b>Current Tax Threshold</b> \$	<b>New Tax Threshold</b> \$	<b>Tax Rate (above Threshold)</b> %
18,000	18,000	19
37,000	45,000	32.5
90,000	120,000	37
180,000	180,000	45

### **Additional Tax Changes**

**Low Income Tax Offset:** In addition to the backdating of the tax changes, the maximum low-income tax offset will be increased from **\$445 to \$700**.

**Low and Middle Income Tax Offset:** The government has announced the current Low and Middle income tax offset capped at \$1,080 that has been in place for the last 2 financial years will also be available in 2021 upon completion of your

tax returns. This maximum offset of \$1,080 will be available to tax payers with taxable incomes of **\$48,000 to \$90,000**.



## **Job Incentives: JobKeeper / JobSeeker and now JobMaker / JobTrainer**

To assist in decreasing the unemployment rate, the federal government has announced new JobMaker and JobTrainer schemes aimed to replace JobSeeker and JobKeeper. Details are below:



**JobMaker:** Aims to provide a cash payment to business that hire new staff. The credits are based upon the staff member's age. The following credits are available:

Hiring New Staff Ages:

16-29 years old: \$200 per week

30-35 years old: \$100 per week

**JobTrainer:** The provision of an apprenticeship wage subsidy program and to provide over 300,000 training places on free or highly subsidized costs.

**JobSeeker:** This has been reduced from \$750 to \$500 and is set to end in December 2020.

**JobKeeper:** No Changes have been announced and at this stage is set to end in March 2021

### **Business and Investment Changes:**

The following business incentives have been announced for business with less the \$5Bil in turnover:

- **Instant Asset w/off:** Tax write offs are now available allowing businesses to depreciate the full cost of eligible business assets until June 2022.
- **Company Loss Carry Back:** Eligible Companies may be able to carry back losses made up until 2021-2022 against prior year profits (no earlier than 2018-2019). An election to obtain tax refunds for tax previously paid may be available.
- **Various R&D tax Changes**

### **Small Business Tax Concessions available to Medium Businesses:**

Additional tax concessions have been announced to encourage additional business spending and business startups. These apply to medium sized businesses with a combined aggregated turnover of \$10-50 million. These include:

- The ability to deduct various start-up costs
- Exemption of FBT for car parking and some electronic devices – i.e. laptops (Commencing April 2021)
- From 1<sup>st</sup> July 2021, eligibility to simplified trading stock rules, able to remit PAYG instalments based upon GDP adjusted notional Tax and settle various excise duties and customs duty monthly.
- Providing the commissioner power to create a simplified accounting determination for GST Purposes.

### **Industrial Policies and Other Grants:**



**HomeBuilder Grants:** The Current \$25,000 grants relating to home improvements and new builds are expected to end in December 2020 however this is expected to be replaced by a first home deposit scheme whereby up to 10,000 first home buyers may be eligible to obtain loans with a deposit of only 5%.

**Energy Sector:** Additional funds have been set aside by the government to accelerate low emission technologies including the investment of three electricity transmission projects

**Exporters:** Additional measures are being considered to remove red tape for exporters

**Manufacturing Strategy:** Aimed to modernize manufacturing in Australia by government investment in Space, Recycling, Defense, Food and Beverages, Clean Energy, Resource Technology, Medical Products and Mineral processing industries

### **Pensioners and retirees**

No increase in the Aged Pension has been announced however those receiving Age pensions, disability support pension, Commonwealth Seniors Health Card holders, Veterans pension, and Family Tax Benefit payments could receive two additional payments of \$250 in December and March.



#### **Meetings Announcement:**

#### **On Site Meetings Update**

Please note that all meetings are currently held via phone or Zoom however we are now preparing to resume in office meetings and drop-off pending Victorian Government Health Orders. Meeting times may be limited due to working from home restrictions and arrangements. Document drop-off is unavailable however please call reception on 9569 7516 to make arrangement to drop off documents.

## UPDATE:OUR TEAM



### **Steve Creelman CA**

#### **Principal**

BBus (Accounting),  
CA SMSF Specialist,  
AdvDip(Financial  
Planning)  
Registered Tax Agent



### **Mark Caruso CA / CPA**

#### **Partner**

BBus(Accounting),  
BBus (Banking&Finance),  
Dip (Business)  
Registered Tax Agent



### **Erma Mencin Administrator / Bookkeeper**



### **Mai Tran CPA**

**Senior Accountant**  
BBus (Accounting)



### **Kendra Caruso CPA**

**Senior Accountant**  
BBus(Commerce)

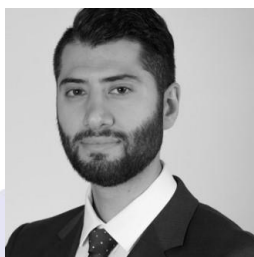


### **Kylie Creelman Practice Manager**

Diploma of Teaching  
(Primary) , Cert IV  
(Practice Management)



### **Nick Binney Accountant**



**Adrian Pelligra  
Private  
WealthManager**  
BFin, CFP



### **Philippine Bourdin Accountant**



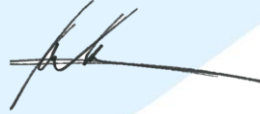
**CURRENT SERVICES AVAILABLE:**

Business Accounting & Tax	Basic Individual Tax Returns	Financial Advisory
BAS, FBT, GST, State Taxes	Succession & Estate Planning	Super Advisory (SMSF)
Finance – Mortgage & Asset acquisitions	TRIS, Pensions, Super Contributions – NCC, CC	Insurance Products – Life, TPD, Income Protection
Investment Management & Monitoring	ASX / Compliance Board Advisory	Public Superannuation Fund Advisory / Tax
NDIS Service Provider – Financial Intermediary	Management Reporting, Cash Flow & Budgeting Needs	Business Advisory, Structural, Business Acquisitions and Sales
Outsourced Payroll	XERO / MYOB / QuickBooks Personalised Training Services	

Best Wishes from the team at SCA



Steve Creelman CA



Mark Caruso CA, CPA

*Please note that the above information is intended as a general guide only and is not intended as tax or investment advice. It is in a summarised format and not all information may be specific to your circumstances. If you believe that any of the above impact you, you are recommended to contact us on 95697516 to discuss your specific circumstances.*