



ANDRESEN M^CCARTHY PARTNERS

LEADING THE WAY



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2024-25 Federal Budget Announcements

The Federal Budget was handed down on 14 May 2024, and has outlined a number of changes that impact businesses, tax & superannuation.

Instant Asset Write-Off Extended

Small businesses with an aggregated annual turnover of less than \$10 million will continue to be able to immediately deduct the full cost of eligible assets costing less than \$20,000 that are first used or installed ready for use by 30 June 2025.

The asset threshold applies per asset so small businesses can instantly write off multiple assets. Assets valued at \$20,000 or more (which cannot be immediately deducted) can continue to be placed into the small business simplified depreciation pool and depreciated at 15 per cent in the first income year and 30 per cent each income year thereafter.

Stage 3 Tax Cuts

From 1 July 2024, every taxpayer will receive a tax cut following changes announced by the federal government earlier this year. This means that workers in every tax bracket will pay less income tax.

The reforms reduce the 19 per cent tax rate to 16 per cent, reduce the 32.5 per cent tax rate to 30 per cent, raise the threshold at which the 37 per cent tax rate applies from \$120,000 to \$135,000 and raise the threshold at which the highest rate of 45 per cent applies from \$180,000 to \$190,000.



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2024-25 Federal Budget Announcements (Cont.)

Foreign Resident Capital Gains Tax Regime

The Government will strengthen the foreign resident capital gains tax (CGT) regime to ensure foreign residents pay their fair share of tax in Australia and to provide greater certainty about the operation of the rules.

The amendments will apply to CGT events commencing on or after 1 July 2025 to:

- Clarify and broaden the types of assets that foreign residents are subject to CGT on
- Amend the point-in-time principal asset test to a 365-day testing period
- Require foreign residents disposing of shares and other membership interests exceeding \$20 million in value to notify the ATO, prior to the transaction being executed.

This will bring foreign residents closer in line with Australian resident taxpayers and may include assets such as shares that are currently not taxed (in most instances).

Enhancement To Commonwealth Government-Funded Paid Parental Leave

The Government will provide \$1.1 billion over five years from 2023–24 (and \$0.6 billion per year ongoing) to strengthen Australia's government-funded Paid Parental Leave (PPL) scheme and improve women's retirement outcomes.

Eligible parents will receive an additional payment based on the Superannuation Guarantee (12 per cent of their PPL payments) as a contribution to their superannuation fund for births or adoptions after 1 July 2025.



Small business employees will also be provided additional support in administering paid parental leave as part of the measure.

This measure aims to help normalise parental leave as a workplace entitlement, like annual and sick leave and reduce the impact of parental leave on retirement incomes.

Freeze Social Security Deeming Rates

The government will freeze social security deeming rates at their current levels for a further 12 months until 30 June 2025, to support Age Pensioners and other income support recipients who rely on income from deemed financial investments and their payment to manage cost of living pressures. This measure is estimated to benefit around 876,000 income support recipients, including 450,000 Age Pensioners.

The Fair Entitlements Guarantee Recovery Program

The Government will also recalibrate the Fair Entitlements Guarantee Recovery Program to pursue unpaid superannuation entitlements owed by employers in liquidation or bankruptcy from 1 July 2024.

Energy Bill Relief Fund

The Energy Bill Relief Fund is set to provide a \$300 rebate to households, and a \$325 rebate to eligible small business on 2024-25 bills. This measure partly extends the previous Budget's measure, titled Energy Price Relief Plan.

Commonwealth Rent Assistance

The maximum rates of Commonwealth Rent Assistance is set to increase by a further 10% from 20 September 2024, building on the 15% increase in September 2023.

The current maximum payment for a single person receiving rent assistance is \$188.20 a fortnight, and \$125.47 for a single person in a share house. That means the payment would increase by about \$19 a fortnight for a single person before accounting for indexation.



HECS Debt Changes

Pending a legislative change that must be passed through parliament, student debts will grow each year at the rate of either the consumer price index or the wage price index - whichever is lower.

The Government will backdate this relief to all HELP, VET Student Loan, Australian Apprenticeship Support Loan and other student support loan accounts that existed on 1 June 2023. This means that the loans for that year will grow at the lower wage index rate or 3.2%, instead of the 7.1% inflation rate they were measured at.

Increasing the Medicare levy low-income thresholds

The Government has increased the Medicare levy low-income thresholds for 2023–24, ensuring more than one million low-income taxpayers continue to be exempt from the Medicare levy or pay a reduced levy rate.

Impact of the Douglas Decision on Social Security Means Testing

The Government will provide funding to implement a social security means test treatment for the military invalidity payments affected by the Federal Court's decision in *Commissioner of Taxation v Douglas* [2020] FCAFC 220.

This approach ensures the *Douglas* decision does not affect income support payment rates for veterans who receive an invalidity payment from the *Military Superannuation and Benefits Scheme* and the *Defence Force Retirement and Death Benefits Scheme*, compared to the pre-*Douglas* arrangements.

A Guide To Land Tax Across The States

Commencing this year, the land tax threshold in Victoria has been temporarily reduced to \$50,000, while the \$25,000 threshold for trusts remains unaltered. If the total taxable value of all your Victorian properties (excluding exempt ones) as of 31 December meets or exceeds this threshold, you'll be issued a land tax assessment.

For some Victorians, this may be the first year they receive a land tax bill.

The amount of land tax you pay depends on the combined unimproved value of your taxable property. There may be different assessments, depending on how the land is owned (such as individual, trust, joint owner, etc.).

In most states and territories, you don't usually have to pay land tax on your main home (permanent residence). In some cases, land owned by some organisation types can be exempt from land tax.

There may also be a foreign investor land tax surcharge if you are not an Australian citizen or resident and own land that is not your primary place of residence.

How Is Land Tax Generally Treated On A Return

Land tax liabilities might be deductible, contingent upon when the obligation arises. The timing of your liability to pay land tax hinges on the applicable state laws.

Your obligation to pay land tax isn't contingent upon filing a land tax return or the taxing authority issuing an assessment. In many states, the year in which the property is utilised for relevant purposes determines your liability, irrespective of whether an assessment is issued later.

When you receive land tax assessments in arrears, the land tax amount isn't deductible in the income year when you pay the arrears.

Instead, it's deductible in the respective income years to which the land tax liability pertains.

If a landowner gets a land tax assessment for a year, and later in the same financial year either sells the property or begins using it as their residence, there's no need to divide the land tax deduction.

The Australian Taxation Office (ATO) considers that the land tax liability was incurred for an income-producing purpose because it was based on the property's use for income generation.

Land Tax In Other States

Western Australia - You must pay land tax if you own land valued in excess of \$300,000. Liability is assessed on land you do not use as your principal place of residence.

NSW - Land tax applies to NSW properties that are not your principal place of residence. The general threshold for 2024 is \$1,075,000, and the premium threshold is \$6,571,000. The value of all land is determined on 1 July each year. If you are liable for land tax, you will receive an annual notice of assessment that will include a list of all NSW land you owned on 31 December of the previous year and how much land tax you must pay.



ACT - Land tax applies to ACT properties that are not your principal place of residence. This includes both rented properties and those that are vacant, properties owned as a trustee, and rented dwellings on the same property as your home (such as a granny flat). Land tax does not apply to commercial properties.

Tasmania - Land tax is an annual tax payable by the owner of land that has been classified as General Land as of 1 July each year. Taxable properties include vacant land, commercial properties, rental properties and shacks. Tasmania has a number of exemptions and concessions available depending on the use of the land, including organisation exemptions, home business concessions, special disability trust exemptions and more.



Queensland - Land tax is an annual state tax that applies to freehold land, whether vacant or built on (residential, commercial & investment properties), and occupied or not. It is a state tax calculated on the freehold land you own in Queensland at midnight on 30 June for the full financial year (July to June). 'Freehold land' is not state land or leased from the Queensland Government. You are liable when the total taxable value of your land is \$350,000 or more - for absentees, companies and trustees of trusts and superannuation funds- or \$600,000 or more - for individuals and trustees of special disability trusts.

South Australia - The property owner at midnight 30 June is liable to pay the land tax assessed for the forthcoming financial year. Where a property sells after 30 June, the vendor (seller) is still liable for the land tax. Land you hold on trust may be taxed at the trust land tax rates, which includes a surcharge of up to 0.5% on the general land tax rates and a lower threshold of \$25,000. Land held on trust will be assessed separately from other land the trustees own. If held under a discretionary, fixed or unit trust it may be subject to the trust surcharge rates of land tax. There are other rules for corporations acting as trustees or beneficiaries of a trust that owns the land. In these instances, you should check with a registered tax agent about your potential tax liability.

Northern Territory - The Northern Territory does not have land tax.



BNI Business Drivers in Lower Plenty: Join Denise Sullivan and Elevate Your Business!

Are you a small business owner looking to expand your network and boost your business growth? The BNI (Business Network International) Business Drivers chapter in Lower Plenty is the perfect opportunity for you. Our own Denise Sullivan, newly elected President of the chapter, warmly invites you to join this vibrant community of entrepreneurs and business professionals.

BNI is a global organization renowned for its structured networking environment that fosters business growth through referrals and meaningful connections. As a member of BNI Business Drivers in Lower Plenty, you will have access to a supportive network that shares one common goal: to help each other succeed.

Under the leadership of Denise Sullivan, our chapter is dedicated to creating opportunities for local businesses to thrive.

Her vision for the chapter includes fostering a collaborative and inclusive environment where every member has the chance to grow and prosper.

Joining BNI Business Drivers offers numerous benefits:

- **Networking Opportunities:** Connect with like-minded professionals who can become your business partners, clients, and advocates.
- **Referrals and Leads:** Receive qualified business referrals from trusted members who understand the value of your services.
- **Professional Development:** Enhance your business skills, learning from experienced members.
- **Increased Visibility:** Gain exposure for your business through regular meetings and promotional opportunities within the chapter and beyond.



Don't miss the chance to take your business to the next level. Join BNI Business Drivers They meet every Thursday at 7am at the picturesque Heidelberg Golf Club, located at 8 Main Road, Lower Plenty, VIC 3093 and start building lasting relationships that will drive your business forward.

For more information get in touch with Denise Sullivan, here at the office. Denise is eager to welcome new members and help you unlock the full potential of your business and embark on a journey of growth and success with BNI Business Drivers!



We are here to help

Make use of us! This guide is merely a starting point, designed to help you identify areas that might have a significant impact on your personal and business planning.

We are always pleased to discuss matters with you and advise in any way we can.

