



ANDRESEN M^CCARTHY PARTNERS

LEADING THE WAY



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2025-26 Federal Budget Announcements

Increase To The Medicare Levy

From 1 July 2024, the Government will raise the Medicare levy low-income thresholds by 4.7% for singles, families, seniors, and pensioners. This adjustment ensures that over one million lower-income Australians will either remain exempt from the levy or continue to pay a reduced rate.

- The threshold for singles will be increased from \$26,000 to \$27,222.
- The family threshold will be increased from \$43,846 to \$45,907.
- The threshold for single seniors and pensioners will be increased from \$41,089 to \$43,020.
- The family threshold for seniors and pensioners will be increased from \$57,198 to \$59,886.
- The family income thresholds will increase by \$4,216 for each dependent child or student, up from \$4,027.

New Personal Income Tax Cuts From 1 July 2026

The Government will introduce further tax cuts for all Australian taxpayers, building on the first round of reductions rolled out in July 2024. Under these changes:

- From 1 July 2026, the 16% tax rate for incomes between \$18,201 and \$45,000 will drop to 15%.
- It will then be further reduced to 14% from 1 July 2027.

This means taxpayers will save up to \$268 per year from 2026 and up to \$536 per year from 2027.



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2025-26 Federal Budget Announcements *(Cont.)*



Tax Compliance Measures Announced

The Government is increasing funding for the Tax Practitioners Board to enhance compliance efforts, focusing on high-risk tax practitioners. Additionally, it plans to make it easier for tax agents returning from a career break to re-enter the profession. These measures are part of the Government's response to the PWC matter and align with recommendations from the 2019 Independent Review of the Tax Practitioners Board.

Over the next four years, nearly \$1 billion will be allocated to extend and expand tax compliance initiatives, ensuring a fairer and more transparent tax system:

- \$717.8 million (from 1 July 2025) to extend the Tax Avoidance Taskforce for two years and expand it for an additional year. This funding will strengthen the ATO's ability to monitor tax compliance among multinationals and large taxpayers.
- \$155.5 million (from 1 July 2025) to expand the Shadow Economy Compliance Program. This initiative targets tax evasion in sectors such as worker exploitation, underreported income, and illicit tobacco trade, preventing non-compliant businesses from gaining an unfair advantage.
- \$75.7 million (from 1 July 2025) to continue and expand the Personal Income Tax Compliance Program. The ATO will enhance proactive, preventative, and corrective measures to address key areas of non-compliance.

Additional Energy Bill Relief To Reduce Cost-Of-Living Pressures

To help households and small businesses manage energy costs, the Government is committing an extra \$1.8 billion to extend energy bill relief until the end of 2025. Over 10 million households and one million small businesses will receive two additional \$75 quarterly rebates throughout 2025 (\$25 per month), which will be paid directly to their energy supplier.

Tackling Excessive Surcharges

To ensure fairer pricing at checkouts, the Government is strengthening compliance measures against excessive card surcharges. The ACCC will receive additional funding to monitor businesses and increase public awareness of surcharge regulations.

The Government is also considering banning debit card surcharges, pending further work by the RBA to balance benefits for both consumers and small businesses. In the meantime, the ATO and Services Australia have already stopped passing on debit card surcharges from 1 January 2025.

Expanding The Help to Buy Scheme

The Government is expanding the Help to Buy scheme to support Australians to buy homes with lower deposits and smaller mortgages. This Budget is committing around \$800 million to lift the property price and income caps to make the scheme more accessible.

Under the scheme, the Government will provide an equity contribution of up to 40 per cent to support eligible home buyers to buy a home with a lower deposit and smaller mortgage, helping around 40,000 Australian households locked out of the market into home ownership.

Supporting Renters & Affordable Housing

To strengthen renters' rights, the A Better Deal for Renters initiative introduces clearer eviction rules and limits rent increases to once per year. The Government is also encouraging investment in build-to-rent developments, with tax measures expected to support 80,000 new long-term rental homes over the next decade.

Support For Students And Graduates

The Government will reduce outstanding student debts by 20 percent, removing \$16 billion in debt. It will also make the repayment system fairer by moving to a marginal repayment system with a higher minimum repayment threshold. These changes will deliver significant cost-of-living relief to Australians with student debt, allowing them to keep more of what they earn.

The Government has already legislated a cap on HELP indexation based on the lower of the Consumer Price Index or the Wage Price Index. The change was backdated to 1 June 2023 and has reduced outstanding student debt by around \$3 billion.

Supporting The Hospitality Sector And Alcohol Producers

The Government is pausing draught beer excise indexation for two years from August 2025, preventing scheduled increases in August 2025, February 2026, August 2026, and February 2027. Indexation will resume in August 2027.

To further support alcohol producers, the Excise Remission Scheme and Wine Equalisation Tax (WET) Producer Rebate caps will increase from \$350,000 to \$400,000 per financial year starting 1 July 2026, benefiting brewers, distillers, and wine producers.

Energy Efficiency Grants

The Government is investing \$56.7 million in Energy Efficiency Grants for Small and Medium Enterprises, to be delivered over two funding rounds. Businesses can access grants of up to \$25,000 to improve energy efficiency by upgrading appliances, heating systems, and other energy-intensive operations.

Housing Support

The Government will provide \$58.8 million over five years from 2024—to increase support for housing, including:

- \$54.0 million over four years from 2024–25 to increase the supply and adoption of prefabricated and modular housing construction, including:
- \$49.3 million over two years from 2025—to support states and territories to scale up existing projects for prefabricated and modular housing construction
- \$4.7 million over four years from 2024—to develop a voluntary certification and rating scheme for prefabricated and modular housing manufacturers. Costs for the scheme will be recovered from industry from 2028 – onwards.

- \$4.9 million over four years from 2025 – to continue the Regional Home Guarantee and Family Home Guarantee streams of the Home Guarantee Scheme.
- The Government will also provide \$0.8 billion in additional investment in the Help to Buy program, bringing total equity investments to \$6.3 billion, through increasing property price caps and increasing income caps from \$90,000 to \$100,000 for singles and from \$120,000 to \$160,000 for joint applications

National Anti-Scam Centre

The Government will provide \$6.7 million in 2025 – to extend the operation of the National Anti-Scam Centre within the Australian Competition and Consumer Commission to continue protecting consumers and businesses from scam activity.

Small Business and Franchisee Support and Protection

The Government will provide \$12.0 million over four years from 2025–, to support and protect small businesses.

Funding includes:

- \$7.1 million over two years from 2025 – for the Australian Competition and Consumer Commission to strengthen regulatory oversight of the Franchising Code of Conduct
- \$3.0 million over four years from 2025 – for the Australian Securities and Investments Commission to improve its data analytics capability to better target enforcement activities to deter illegal phoenixing activities, particularly in the construction sector
- \$1.2 million in 2025–26 to partner with White Box Enterprises to establish a Social Enterprise Loan Fund to offer small loans to social enterprises, including work integration social enterprises, to support employment for disadvantaged Australians
- \$0.8 million in 2025–26 for the Treasury to develop and consult on options to extend protections against unfair trading practices to small businesses and protect businesses regulated by the Franchising Code of Conduct from unfair contract terms and unfair trading practices.

Vacant Residential Land Tax Article

As of January 1, 2025, Victoria has expanded its Vacant Residential Land Tax (VRLT) to encompass all residential properties across the state. Previously limited to specific areas in inner and middle Melbourne, the VRLT now applies statewide. Under this tax, residential properties that remain unoccupied for more than six months within a calendar year are subject to a levy. The tax is calculated based on the property's Capital Improved Value (CIV), with rates starting at 1% for the first year of vacancy and increasing by 1% for each consecutive year the property remains vacant, up to a maximum of 3%.

Several exemptions to the VRLT exist. For instance, holiday homes may be exempt if they are used by the owner or their close relatives for at least four

weeks per year, provided the owner's principal place of residence is in Australia. Other exemptions include properties undergoing substantial renovations, land that has recently changed ownership, and properties used for work-related accommodation. It's important to note that properties owned by companies or trusts must have been held by the entity as of November 28, 2023, to qualify for certain exemptions.

Property owners are required to notify the State Revenue Office (SRO) by January 15 each year if their property was vacant for more than six months in the preceding calendar year or if they are claiming an exemption. Failure to notify the SRO may result in penalties. Given the significant financial

implications of the VRLT, it's advisable for property owners to review their property's occupancy status and consult with a tax professional to ensure compliance and to determine eligibility for any exemptions.



Welcome to the Team, Jo!



The team at AMCP is excited to extend a warm welcome to Jo Arrowsmith, our new part time Receptionist and ASIC Administrator!

Jo brings with her over 14 years of valuable experience in client services and ASIC compliance, and we're thrilled to have her join our growing administration team. She'll be the friendly face at reception and the helpful voice assisting with ASIC matters, and we know our clients will enjoy getting to know her as much as we have.

To help introduce Jo, we asked her a few fun questions - here's what she had to say...

- 1** If you had a time machine, what point in the past or future would you visit and why?
I would like to turn 40 again. It was a time in my life that I felt content, having travelled extensively, had 2 beautiful girls, happily married and financially comfortable.
- 2** If you could host a talk show, who would be your first guest?
That's a tough one, there's so many people I could choose. I will say my Dad. He was such a beautiful soul and so influential on who I am today.
- 3** What is one of the things on your bucket list?
Up until December last year, it was a white Christmas in New York. That has now been ticked off, so my next one is to travel on the Rocky Mountaineer through Banff, Calgary and Jasper in Canada.
- 4** Who was your favourite music group/band growing up?
INXS
- 5** How do you like to spend a rainy day?
By the fire watching AFL footy. I don't like being in the rain.



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.

