

2022 Federal Budget - What It Means for You

INFORMATION: WHAT THE 2022 FEDERAL BUDGET MEANS FOR YOU

With a Federal Election due in the next 8 weeks, the Morrison Government has just made its bid for re-election with the following headline announcements in its Federal Budget released on Tuesday 29 March 2022:

- Petrol tax slashed by 22 cents per litre for 6 months from Budget night.
- 10 million low and middle-income earners will receive a once-off bonus tax rebate of \$420 – giving a total of \$1,500 to eligible individuals after they lodge their 2022 Tax Return.
- A \$250 one off payment to six million pensioners and welfare recipients.

There were no changes announced to tax rates or superannuation laws, which was very much welcomed.

Millions of small businesses (annual turnover of less than \$50 million) will be eligible for the new Technology Investment Boost, which offers a bonus 20% tax deduction for costs such as online sales platforms, cloud computing, portable payment devices and cyber security systems.

Based on our analysis, the big winners appear to be:

- Tradies – New wage subsidies to employ apprentices.
- Low to middle income taxpayers – An increase to a tax offset available after they lodge their 2022 Tax Return.
- Small Business – New 120% tax deductions will be available for training for employees and for digitising a business.

There are a number of key areas we would like to make you aware of:

INDIVIDUALS

Key Point	Benefit to You
\$420 increase in Low and Middle Income Tax Offset (LMITO) The combined \$420 and existing LMITO of \$1,080 gives eligible individuals a tax reduction of up to \$1,500 for a single or \$3,000 for a couple.	Tax Refund for You A larger tax refund to ease the current cost of living pressures. NOTE: You only receive this after you lodge your 2022 Tax Return. It is a tax offset, meaning it only refunds any tax you have already paid. If you haven't paid any tax, then you don't get this.
\$250 cost of living payment A one-off payment of \$250 will be automatically paid to individuals who are currently receiving Australian Government social security payments.	Cash for you Cash to ease the current cost of living pressures.
50% minimum Super drawdown extended The 50% reduction of the superannuation minimum drawdown requirements for account-based pensions will be extended for another 12 months,	Larger Super Balance Allows individuals to keep more in their super account if they currently don't need the cash.
COVID-19 Test Costs Tax Deductible Costs of taking a COVID-19 test to attend a place of work will be tax deductible for individuals and exempt from fringe benefits tax from 1 July 2021.	Tax Refund for You New tax deduction to claim in your 2022 Tax Return. You will need to keep receipts as evidence to back up your claim.
Home Guarantee Scheme Extended The number of guarantees under this scheme will be increased to 50,000 per year to assist home buyers who have a lower deposit.	Easier to Buy First Home Improved opportunity for first home ownership, enabling individuals to buy a home with a smaller deposit and without lender's mortgage insurance.

NEXT STEPS

To get the maximum benefits from the new measures announced in the 2022 Federal Budget, please contact us to discuss 2022 Tax Planning.

Please note that if there is a change in Federal Government over the next 8 weeks, we would expect a new Government to release their own updated Budget. This may change some or all of the key announcements made in this Budget and may make new announcements which you may need to action if favourable to you.

Contact us today to help understand the benefits to you.

With compliments,

AustAsia Accounting Services Pty Ltd