

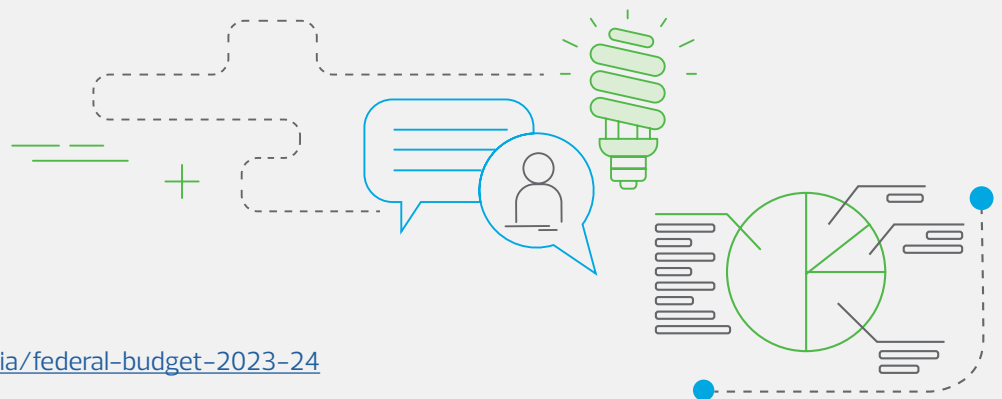


Federal Budget 2023–24

Insights and analysis into the
Australian Federal Budget delivered
on 9 May 2023

Federal Budget 2023–24

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<https://www.rsm.global/australia/federal-budget-2023-24>

FOREWORD

Facing a slowing global economy, and economic growth in Australia predicted at less than 1.5%, the Treasurer still managed to deliver a budget surplus of \$4.2b. However, with increased spending on health, aged care and defence this will turn into a deficit of \$13.9b in the next year. Now you see it, now you don't.

The \$14.6b 'cost of living' package, the boost to JobSeeker, an increase in wages for our healthcare workers and an increase in Medicare benefits are all commendable initiatives, but the additional spend will have to be funded.

The funding will come from an earlier announced increase in the superannuation concessional tax rate from 1 July 2025 from 15% to 30% for individuals with balances exceeding \$3m. Unfortunately, there was nothing mentioned about indexing this \$3m threshold. This measure is expected to increase receipts by \$2.3b in the first full year.

The Government will also implement the two-pillar solution outlined by the OECD/G20. These include:

- a minimum 15% global minimum tax for multinationals.
- a domestic minimum tax rate of 15% which will give Australia first claim on large multinationals where the effective rate falls below 15%.

Furthermore, changes to the Petroleum Resource Rent Tax are expected to increase revenue by \$2.4b over five years from 2022–23.

Other major sources of funding include increases to tobacco excise, and increased compliance programs, especially GST compliance which is expected to increase GST receipts by \$3.8b.

On the other hand, there will also be some winners.

- For eligible new Build to Rent (BTR) projects commencing after 9 May 2023:
 - The capital works deductions will increase from 2.5% to 4% per annum.
 - The withholding tax rate on eligible fund payments from Managed Investment Trusts will reduce from 30% to 15%.
 - (Unfortunately, there are a number of onerous eligibility criteria for BTR projects).

- The instant asset write-off for SMEs with an annual turnover of less than \$10m will be extended to 30 June 2024. The write-off will be limited to \$20,000 per asset.
- Businesses with an annual turnover of less than \$50m will be allowed an additional 20% deduction for spending that supports electricity and more efficient use of energy. The benefit will be limited to \$100,000 of total expenditure, that is, a limit of an additional \$20,000 tax deduction or, a cash benefit of approximately \$7,000. On that basis it's hard to see many businesses taking advantage of this incentive.
- Most importantly the Government did not announce any changes to the stage 3 tax rate cuts from 1 July 2024:
 - Under stage 3 the 32.5% rate will reduce to 30%.
 - The 30% bracket will apply between \$45,000 and \$200,000.

Unfortunately, all these tax incentives will be offset by: the increase in compliance cost and impact on cash flow when employers are required to pay their employees superannuation guarantee at the same time as their salary and wages. This will come into effect from 1 July 2026.

As you can see the 2023–24 Federal Budget delivers a mixed bag of increased taxes for some, tax incentives, increased tax compliance and reduced tax rates for the average Australian.

In many ways the Federal Budget measures will help a lot of Australians with the cost-of-living expenses, but will it help curb inflation? This will remain to be seen.



Rami Brass
Director, Corporate Tax



Liam Telford
National Tax Technical Director



Corporate and International Tax

Global Minimum Tax Rate

Australia has now confirmed its implementation start date, for enacting key aspects of Pillar Two of the OECD/G20 Two-Pillar Solution pertaining to the digital economy. This is a globally-coordinated project, which more than 130 jurisdictions are moving forward with.

The proposed measures, which generally apply to large global groups with revenues of more than EUR 750m (approximately AUD\$1.2b), include:

- a 15% global minimum tax for large multinational enterprises with the "Income Inclusion Rule", applying to income years starting on or after 1 January 2024 (and the Undertaxed Profits Rule applying to income years starting on or after 1 January 2025); and
- a 15% domestic minimum tax applying to income years starting on or after 1 January 2024 – which will give Australia "first claim" on applying the global minimum top-up tax on Australian profits.

The measures will be based on the OECD's Global Anti-Base Erosion Model rules – this instance where Australia is adhering to a global framework constitutes a welcome reversal of some recent trends, where the Government (including the former administration on many occasions) has taken its own path in implementing global measures.

The legislation that is to be enacted to effect this change will be complex and it will be a significant task for Treasury to draft. It will warrant close attention and scrutiny when it is released, presumably for public consultation.

There is expected to be a plenitude of other jurisdictions which will similarly follow suit, with 2024 the most likely start date for the majority of such jurisdictions. Certain lower-taxed jurisdictions are increasing their domestic tax regimes in response to this global development, such as Ireland, which is proposing to increase its base 12.5% tax rate to 15%.

Interestingly, the measures only forecast additional revenue for the Australian Government of \$160m in 2025–26, and \$210m in 2026–27.

General Anti-Avoidance Rule

The Government will seek to strengthen and improve the integrity of the tax system by expanding the already far-reaching scope of the general anti-avoidance provisions in



Part IVA of the ITAA 1936. The expanded scope will apply to:

- Schemes which reduce tax paid in Australia by accessing lower withholding tax rates on income paid to foreign residents. Currently, Part IVA of the ITAA 1936 defines a tax benefit (relating to withholding taxes) as a taxpayer "not being liable to pay withholding tax" and previously did not address schemes where a tax benefit was obtained through lower rates of withholding tax.
- Schemes that achieve an Australian income tax benefit, even where the dominant purpose was to reduce foreign income tax. Currently, instances where the dominant purpose of a scheme was to obtain a foreign tax benefit, are not addressed by Part IVA of the ITAA 1936.

The changes will apply to income years commencing on or after 1 July 2024 irrespective of whether the scheme was entered into before the aforementioned date.

The monetary effects of this measure have been determined to be unquantifiable.

WINNERS

Global groups with revenues of less than EUR 750m, who are spared further tax integrity measures.

LOSERS

Large global groups with revenues of more than EUR 750m. Global groups entering certain types of tax avoidance schemes.

Indirect tax

The Government will increase the excise by 5% per year from 1 September 2023. This increase is in addition to the ordinary indexation.

It is also aligning the tax treatment of tobacco products subject to the per kilogram excise and excise-equivalent customs duty (roll-your-own tobacco) with the manufactured per-stick rate. This is achieved by progressively lowering the "equivalisation weight" from 0.7 to 0.6 grams. The new weight will be fully applicable from 1 September 2026. This will raise the per kilogram duty accordingly. This measure is estimated to increase receipts by \$3.6 and increase GST payments to the states and territories by \$290m, over the five years from 2022–23.

Amendment of the start date from 1 July 2023 to 1 July 2024 to streamline the excise administration for fuel and alcohol applies to the following measures:

- Remove overlapping Australian Border Force and ATO systems.
- Streamline licence applications and renewal requirements.
- Remove regulatory barriers for excise and excise equivalent customs goods, including lubricants, bunker fuels for commercial shipping industries and vapour recovery units.
- The ATO will publish on its website a public register of entities that hold excise licences to store or manufacture excise and excise equivalent customs goods, from July 2024.

Additional funding to the ATO over four years to continue the activities which promote GST compliance. This measure is estimated to increase GST receipts by \$3.8b, and other tax receipts by \$3.8b, over the five years from 2022–23. The activities will ensure businesses meet their tax obligations and accurately account for GST liabilities and refunds. The ATO plans to develop more sophisticated analytical tools to combat emerging risks to the GST system and it is estimated this measure will increase receipts by \$7.6b and increases payments by \$3.8b over the five years from 2022–23.

The increase of the Heavy Vehicle Road User Charge rate with 6% per year over three years from 27.2 cents per litre to 32.4 cents per litre by 2025–26, which will reduce the entitlement for taxpayers claiming Fuel Tax Credits for on-road use of fuel by \$1.1b over four years from 2023–24. This implements a decision by the Infrastructure and Transport Ministers in April 2023 to contribute to road maintenance and repair.

Finally, the Government has expanded access to refunds of indirect tax (including GST, fuel, and alcohol taxes) under the Indirect Tax Concession Scheme to the diplomatic and consular representatives of North Macedonia and Latvia. This extends to construction and renovation relating to current



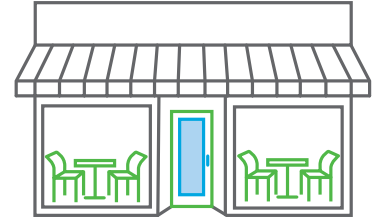
and future diplomatic missions and consular posts. For Saudi Arabia, they will have Indirect Tax Concession Scheme access to upgrade the Embassy and current and future Consulate-General.

WINNERS

North Macedonia and Latvia and its diplomatic and consular representatives, and the Saudi Arabia Embassy and Consulate-General.

LOSERS

Smokers and businesses claiming fuel tax credits for heavy vehicles traveling on a public road.



\$20,000 Instant Asset Write Off (IAWO)

The IAWO rules allow for the immediate deduction for the cost of a depreciating asset for SMEs.

These rules were effectively replaced by temporary full expensing in relation to depreciating assets first held and used, or installed ready for use for a taxable purpose, between 6 October 2020 and 30 June 2023.

The current threshold of \$1,000 was meant to apply from 1 July 2023 after the temporary full expensing provisions ended.

Millions of SMEs with turnover of up to \$10m will now be able to write off the value of eligible assets worth up to \$20,000.

Key Points are as follows:

- Temporary increase to the IAWO threshold to \$20,000.
- Applies to small businesses with aggregated annual turnover of less than \$10m.
- Eligible assets must be first used, or installed ready for use, between 1 July 2023 and 30 June 2024.
- Applies on a per asset basis.
- 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 subject to the rules under subdivision 328-D of the ITAA 97.

Small Business Energy Incentive

The Government will support SMEs to save on energy bills through incentivising the electrification of assets and improvements to energy efficiency.

It has been in the news leading up to Budget night and we now have further details.

Key Points are as follows:

- Applies to SMEs with an aggregated annual turnover of less than \$50m.
- Up to \$100,000 of total eligible expenditure that supports electrification and efficient use of energy.
- Maximum bonus tax deduction being \$20,000 per entity.
- Includes a range of eligible depreciating assets including **upgrades** to existing assets.
- Must be used, or installed ready for use between 1 July 2023 and 30 June 2024. Eligible upgrades will need to be made in this period as well.

Exclusions do apply. These include:

- electric vehicles
- renewable electricity generation assets
- capital works; and
- assets that are not connected to the electricity grid and use fossil fuels.

Integrity Measures

- A lodgement penalty amnesty program will be provided for small businesses with aggregate turnover of less than \$10 million to encourage them to re-engage with the tax system.
- Failure-to-lodge penalties for outstanding income tax statements lodged during the period 1 June 2023 to 31 December 2023 will be remitted.
- The outstanding income tax returns would need to have an original due date between 1 December 2019 to 29 February 2022.
- Additional funding to be provided from 1 July 2023 over four years to assist the ATO to engage more effectively with businesses in relation to their tax and superannuation liabilities.
- Expanding the scope of the general anti-avoidance provisions for income tax

GDP Uplift Factor – Variation

The statutory rate at which this increase is applied is 12%, but for the 2023–2024 financial year this rate will be reduced to 6% for eligible SMEs. The SMEs that may be eligible for this change are those with:

- up to \$10 million annual aggregated turnover for GST instalments; and
- up to \$50 million annual aggregated turnover for PAYG instalments.

The changes will apply to those reporting periods falling after the relevant legislation receives Royal Assent.

SMEs will enjoy the cashflow benefit of paying a lower instalment amount throughout the tax year but will ultimately pay the same amount of tax upon the lodgement of their annual income tax return.

Compliance

1 July 2024 onwards

- Small businesses will be permitted to authorise their tax agent to lodge multiple Single Touch Payroll forms on their behalf helping to reduce paperwork.

1 July 2025 onwards

- Small businesses will be permitted up to four years to amend their income tax returns, reducing the burden of making revisions.

WINNERS

Business with an aggregate turnover of \$0 - \$50m

LOSERS

Businesses with an aggregate turnover over \$50m



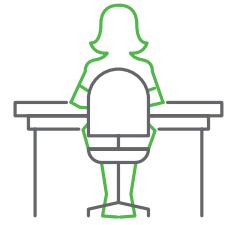
CASE STUDY

Sparkz Pty Ltd is an SME with an aggregated turnover of less than \$10m. In Aug 2023, Sparks Pty Ltd decides to invest in the following:

- Kitchen Equipment - \$15,000
- Solar Panels - \$17,000
- Tesla Model 3 worth \$65,000

When Sparkz Pty Ltd completes its year end income tax return for FY 2023-2024, it can claim the following based on the measures announced in the Budget. These are as follows:

- Outright deduction – Kitchen Equipment - Less than \$20,000
- Outright deduction – Solar Panels - Less than \$20,000
- Bonus deduction – Solar Panels - \$3400 (20% of 17,000)
- Tesla – Subject to the car limit and the pooling rules under subdivision 328-D depending on the business use of the car.
- The purchase of the Tesla does not qualify for the bonus deduction.



Cost of living support

One of the key features of the Federal Budget is the significant boost to welfare payments to disadvantaged Australians. This move is aimed at providing greater income support to those who have been hardest hit by the cost-of-living crisis.

Income Support Payments

The Government aims to increase the base rate of income support payments, such as JobSeeker and Youth Allowance, by \$40 per fortnight to eligible people. Recipients will continue to have their payments indexed to inflation to keep pace with increases in cost of living. The increase will take effect from September 2023, and will provide much needed relief to the estimated 1.1m Australians who rely on these payments to survive.

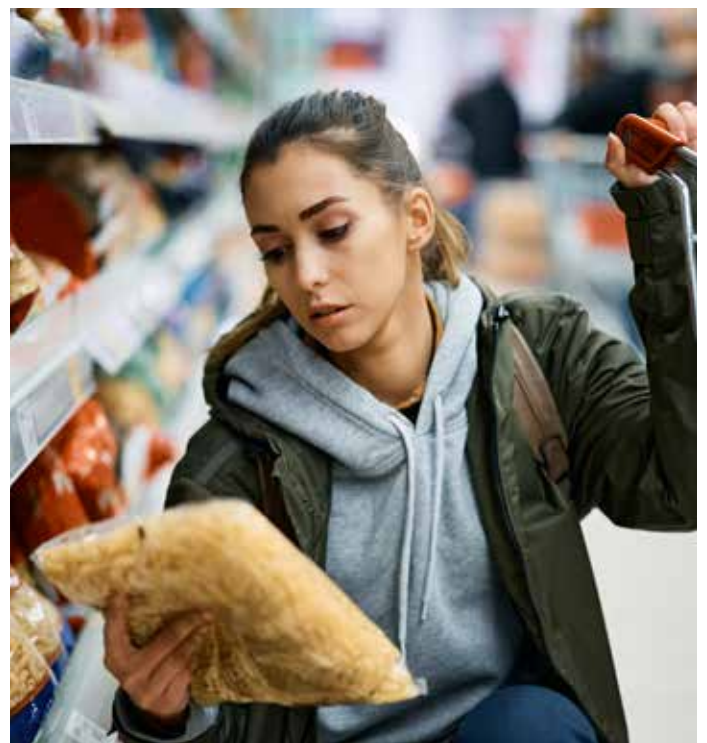
The Government has also identified that people aged 55 years and older may experience additional barriers to work, including age discrimination and poor health. These barriers can result in mature-aged recipients spending a longer time relying on income support payments. The Government has pledged to extend eligibility for the existing higher rate of JobSeeker Payment to single Australians aged 55 to 59 who have been in receipt of Government payments for nine or more continuous months, to match that applying to those aged 60 and over.

In September 2023, around 52,000 eligible single Australians aged 55–59 (of which 55% are women) will see an increase to their base rate payment of \$92.10 per fortnight. These recipients will now be supported by the higher rate of payment to acknowledge their circumstances and provide them greater financial support, while they seek meaningful employment.

Single Parenting Payments

Single parents with young children are set to receive further assistance aimed at helping with the cost-of-living pressures and raising a growing family on a limited income.

This includes increases in parenting payments which allows single parents to continue to receive payments until their children are 14 years old. Previously, this ceased when the child reached age eight, at which point parents would be forced back to work or receive JobSeeker Payments which are \$176.90 per fortnight less than the Parenting Payment.



Commonwealth Rental Assistance

The Government has pledged to increase the maximum rates of Commonwealth Rent Assistance by 15% at a cost of \$2.7b over five years, the largest increase to Commonwealth Rent Assistance in over three decades.

To receive Commonwealth Rent Assistance, you must be receiving certain payments such as the Age Pension, JobSeeker, Austudy or Family Tax Benefit for example. You must also be paying rent, fees in a retirement village or board and lodging.

The increase will leave over 1.1 million households in a better position. The increase will help Australians who have potentially felt the strong rental growth the most, offset a portion of this increase in cost of living.



Energy Price Relief Rebate

More than five million households and one million small businesses will be eligible for Energy Price Relief Rebates from 1 July 2023, as part of the Government's responsible and targeted plan to reduce cost-of-living pressures.

Pensioners, veterans, seniors and other concession card holders, as well as recipients of the Carer Allowance, Family Tax Benefit, and anyone eligible for existing State and Territory electricity concession schemes will be eligible for the rebate.

A \$250 Commonwealth rebate will be available to eligible households in the following jurisdictions, delivering \$500 in power bill relief in total (including state contributions):

- NSW
- Victoria
- Queensland
- South Australia
- And Tasmania

A \$175 Commonwealth rebate (generally \$350 in total bill relief) will be available to eligible households in:

- Western Australia
- Northern Territory
- The Australian Capital Territory

A \$325 Commonwealth rebate will be available to eligible small businesses in each state, which will translate to a \$650 benefit for small businesses in states that have matched the relief.

Eligible households that receive existing state and territory rebates will have this new rebate applied to their bill automatically from 1 July 2023 and these rebates will be administered by state and territory governments.

WINNERS

Single parents and those in receipt of Government income support.

CASE STUDY

Phyllis is 57 and lives in South Australia. She has experienced age discrimination and has been unable to find employment and has spent nine continuous months on the JobSeeker payment of \$693.10 per fortnight.

From September 2023, Phyllis will be eligible to receive the higher rate of JobSeeker payment as the eligibility has been extended to Australian's aged 55–59 (was previously set at 60). Phyllis will now receive \$837.30 per fortnight, and her payments will continue to be automatically indexed to help keep pace with increases in the cost of living.

Phyllis was also receiving Commonwealth Rental Assistance and may also receive an increase to the maximum rate which equates to \$23.58 per fortnight. Furthermore, as part of the Energy Price Relief Plan, she will receive \$500 this year in bill relief.

Individual tax rates

Stage 3 Tax Cuts

The Government did not announce any changes to the previously legislated Stage 3 personal income tax cuts, which are set to commence from 1 July 2024.

The tax cuts will reduce the 32.5% marginal tax rate to 30% and remove the 37% tax bracket altogether, resulting in a benefit to those taxpayers earning more than \$45,000 per year.

As a result, approximately 94% of Australians will face a marginal tax rate of 30% or less and only three personal income tax rates will apply from 1 July 2024.

A summary of the current and legislated tax rates is included below:

Rate	Current	From 1 July 2024
Nil	\$0 – \$18,200	\$0 – \$18,200
19%	\$18,201 – \$45,000	\$18,201 – \$45,000
30%	N/A	\$45,001 – \$200,000
32.5%	\$45,001 – \$120,000	N/A
37%	\$120,001 – \$180,000	N/A
45%	\$180,001+	\$200,001+

Low and Middle Income Tax Offset (LMITO) and Low-Income Tax Offset (LITO).

The Budget did not announce any extension of the LMITO, which means that the offset will no longer be available after the 2021–22 income year. The LMITO provided low- and middle-income taxpayers (with taxable incomes up to \$126,000) with a tax offset of up to \$1,500.

No extension to the LMITO means individual taxpayer refunds for 2022–2023 may be decreased by up to \$1,500 compared to the 2021–22 income year.

No change to the existing LITO which will continue to apply for the 2022–23 income year and beyond. The maximum amount of the LITO is \$700. The LITO is reduced at a rate of five cents per dollar between taxable incomes of \$37,500 and \$45,000 and then at a rate of 1.5 cents per dollar between taxable incomes of \$45,000 and \$66,667.

Medicare Thresholds

From 1 July 2022, the Medicare levy low-income threshold for singles will increase to \$24,276 (up from \$23,365). The threshold for each dependent child or student will increase to \$3,760 (up from \$3,619).



For single seniors and pensioners eligible for the Senior Australian Pensioner Tax Offset, the Medicare levy low-income threshold will be increased to \$38,365 (up from \$36,925). The family threshold for seniors and pensioners will increase to \$53,406 (up from \$51,401), plus an additional \$3,760 for each dependent child.

Medicare Levy Exemption for Lump Sum Payments in Arrears

The Government will exempt eligible lump sum payments in arrears from the Medicare levy from 1 July 2024.

This seeks to ensure low-income taxpayers do not pay an increased Medicare levy as a result of receiving an eligible lump sum payment, for example as compensation for underpaid wages.

This will target those people not ordinarily eligible for a reduced Medicare levy to ensure the system is not manipulated. Taxpayers must also satisfy the current eligibility requirements of the existing lump sum in arrears tax offset. The lump sum must account for at least 10% of the taxpayer's income in the year of receipt.

WINNERS

Individual taxpayers earning more than \$45,000 (Stage 3 tax rate cuts).

LOSERS

Individuals earning up to \$126,000 per year.

Superannuation



Changes to superannuation for individuals

The Budget remained relatively silent on further superannuation changes, with only minor (but welcome) changes to the long contested non-arm's length expenditure (NALE) provisions and a reinforcement of the intention to tax earnings on superannuation balances exceeding \$3m at a 30% rate.

While the Government anticipates the measure will only impact around 80,000 individuals in its first year, the failure to apply indexation to the \$3m cap means more and more people will be captured over time. In addition, the new definition of 'earnings' ensures individuals will be taxed on increases in their asset values, rather than just on real income earned, potentially resulting in double taxation when capital gains tax is also subsequently paid on the sale of the same asset.

A minor positive announcement is the reduction of the penalty for those superannuation funds with NALE from the proposed five times the general expense, to only two times. Arising from situations where services are provided to a superannuation fund at reduced rates, this change sees the effective tax rate drop from 225% for what is often a minor issue. Clarity around this proposal has been requested since the release of the Law Companion Ruling in 2021 and while it remains an arbitrary result, it at least reduces the penalty.

LOSERS

Anyone with a superannuation benefit that may at any time grow to more than \$3m.



CASE STUDY

Lisa (54) holds a parcel of farmland in her SMSF that she acquired for \$1.4m several years ago. Her region has seen land prices increase drastically over the last three years, seeing growth of almost 50%. On 1 July 2026, Lisa's value increases from \$3m to \$4.1m, meaning tax of \$44,269. Lisa unfortunately passes away in the following year, and the farmland is sold to pay her dependents. The SMSF will pay capital gains tax on that farmland of \$270,000 after already paying \$44,269 tax on the increase in value.

In addition, Lisa's husband Matthew (who is also a member with a small balance) is an accountant who has been completing the SMSF financials for free at his work. The value of this work is \$3,500. The failure to charge an arm's length rate means this is captured under the NALE provisions and would result in a tax of \$3,150 ($\$3,500 \times 2 \times 45\%$ tax rate).

Employment tax obligations: Superannuation and back-payments

The Government has introduced a number of measures related to increasing superannuation balances for employees through an increased frequency of contributions, as well as a reduction in underpayments.

Specifically, the Government is proposing:

- A change to the frequency of superannuation payments, from what is currently a quarterly obligation, to the time wages are paid (ie, in accordance with the employer's current pay frequency).
- An investment of \$27m in 2023–24 for the ATO to improve data capabilities, including data matching between employers and superannuation fund data at scale.
- An investment of \$13.2m to consult with stakeholders and co-design a new ATO compliance system to proactively identify instances of under or unpaid super in near-real-time.
- Enhanced unpaid superannuation recovery targets for the ATO (with the ATO to be assessed on this performance).

Whilst the Government expects the change to the frequency of payments to reduce payroll complexities around superannuation, we expect this will be a considerable administrative burden, and a key superannuation guarantee risk. This is especially true given the significant penalties associated with not paying superannuation on time as well as the investment being made with the ATO to detect unpaid super in real-time. Further, increasing the frequency of superannuation payments could serve as a significant cash flow burden, particularly for smaller to medium sized organisations.

Through both reviews undertaken by RSM, and our discussions with the ATO, we note there is a high level of compliance risk with superannuation. The added detection measures introduced by this budget will lead to a significant increase in the detection of non-compliance, as well as the imposition of penalties for non-compliance. This will be further enhanced as businesses move towards real-time superannuation payments. Whilst we agree that greater detection of non-compliance is warranted, we do not consider the penalties associated with late payments of superannuation to be overly balanced, particularly where organisations are required to make payments on the same day as salary and wages.

Staying on the topic of underpayments, the budget notes that where there is an underpayment of salary and wages, resulting in a back-payment to the employee, the lump-sum payment will be exempt from the Medicare Levy from 1 July 2024.

WINNERS

Employees to be the main winners.

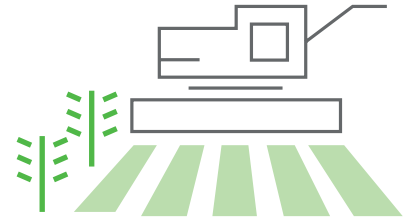
LOSERS

Employers to lose due to the added payroll complexity, cash flow burden, and increased compliance risks.

CASE STUDY

For example, currently Company A has until 28 days after the end of a quarter to make their superannuation contribution. If Company A is a day late on this payment there are significant penalties including loss of deductibility on the superannuation payment, the need to pay superannuation on all salary and wages (not just ordinary time earnings) through a Superannuation Guarantee Charge (SGC) calculation, and then the lodgement of SGC statements.

Under 'super payday' obligations, Company A may be required to pay superannuation weekly, greatly increasing the risk of a superannuation payment being late, as well as resulting in a significant cash flow burden.



Removal of Temporary Full Expensing of Depreciating Assets (TFEDA):

With agribusiness being a capital-intensive industry, no extension to the TFEDA will likely result in undesired tax implications for primary producers. With the ending of TFEDA eligible taxpayers will go back to claiming under the Instant Asset Write-Off (IAWO) provisions. The IAWO limit will be increased to \$20,000 per eligible asset for the 2023-2024 year. Amounts over \$20,000 will be subject to small business depreciation pooling (if under \$10m turnover) or an individual depreciation rate per asset. The key implications of these changes are:

- Reduced rate of depreciation for equipment installed and ready for use after 1 July 2023.
- Significant tax implications on the trade-in of equipment that has previously been depreciated under TFEDA.
- Higher income tax payable as most agribusinesses have previously claimed all depreciation in full on existing assets.

Primary producers will need to factor in any tax implications that may arise under the new rules from trading-in or disposing of assets that have been fully depreciated by 30 June 2023.

Agricultural related funding announcements:

- \$127m to assist with a funding shortfall in biosecurity operations of the Department of Agriculture, Fisheries and Forestry.
- \$1b over four years to strengthen Australia's biosecurity system.

- \$20m to deliver initiatives under the National Soil Action Plan.
- \$5.6m on a panel to independently assess and consult on the phase out of live sheep exports by sea.
- \$38m to support agricultural statistics and climate analysis.

With the significant risk posed to the agricultural sector through foot and mouth disease the focus on strengthening the biosecurity measures is reassuring for primary producers.

Electrification of Assets:

The Government will allow a bonus tax deduction of 20% up to a total expenditure of \$100,000. The additional deduction will be for the electrification of assets and improvements to energy efficiency. The measures will apply for small and medium businesses with turnover of less than \$50m. For businesses with turnover less than \$10m they will be able to combine the benefit of the IAWO with this concession. For example, if a primary producer with turnover under \$10m was to acquire a solar pump for \$15,000 this would be eligible for the IAWO and a bonus deduction of \$3,000.

WINNERS

The Agricultural industry will benefit from the increased focus and spending on measures to strengthen biosecurity.

LOSERS

Agricultural businesses who are looking to trade-in high value machinery after 1 July 2023 that has previously been fully depreciated.

CASE STUDY

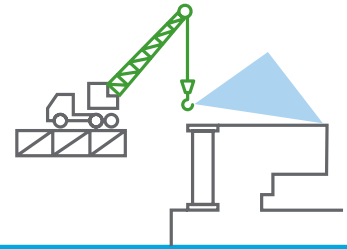
Mooralee Farming Pty Ltd turns over \$8m in the 2024 financial year. During the year they acquire a new harvester for \$1m and trade in their existing harvester for \$750,000.

The company will incur the following income and expenditure:

- \$750,000 taxable income derived from the disposal of an asset fully depreciated under TFEDA.
- \$150,000 depreciation deduction on the new header under Small Business Pooling (15% in the first year).

Overall, Mooralee Farming Pty Ltd will have a net taxable income of \$600,000 from the upgrade of its harvester, incurring a tax liability of \$150,000 at the corporate rate of 25%.

Property & Construction



Economic outlook for property

Australia's property outlook is dominated by historic low vacancy rates, decreasing housing approvals, the fastest interest rate increases in recent history and upheaval in builder markets as a result of supply-side shocks associated with raw materials and skilled labour – all contributing to a perfect storm of rapidly increasing rental rates and low housing affordability.

The Government, in conjunction with the states, territories and local governments, recently announced the National Housing Accord which has the objective of supplying 1m homes in the five years from 2024. In the Budget, the Government seeks to contribute to supply through the following measures.

Build-to-rent

The Government has sought to stimulate investment in the emerging build-to-rent (BTR) asset class through providing tax concessions to eligible BTR projects and in relation to attracting foreign investment.

BTR is broadly considered to be a multi-unit development with a single ownership structure, that is specifically held for long term rental purposes. This differs to the traditional build-to-sell model where a developer constructs a development for the purposes of selling the individual units to prospective buyers. BTR projects are more common in overseas jurisdictions and generally are supported by institutional investors.

BTR projects generally provide longer leases and greater rental security and flexibility for tenants and can provide long term rental income streams for project owners.

The Government is seeking to enhance the BTR model by:

- Increasing the capital works deduction applicable to eligible new BTR projects from 2.5% to 4%, where construction commences after 7:30pm (AEST) on 9 May 2023
- Reducing the withholding tax rate applicable to managed investment trusts (MIT) attributed to BTR projects from 30% to 15% from 1 July 2024;

An eligible BTR project will be defined as one that:

- Consists of 50 or more apartments or dwellings made available for rent to the general public
- Are retained under single ownership for at least 10 years before being able to be sold
- Landlords must offer a lease term of at least three years for each dwelling

According to the Government, it is estimated these changes could deliver 150,000 rental properties over 10 years. These announcements also complement various land tax concessions across a number of state jurisdictions in respect to BTR projects to help encourage investment into this asset class.

Increasing the supply of social and affordable housing

The Government seeks to address housing affordability issues across the country by improving access for home buyers through various measures including:

- Increasing the liability cap of the National Housing and Finance Investment Corporation by \$2b, to support further low-cost loans issued by the Affordable Housing Bond Aggregator
- Amending the National Housing and Finance Investment Corporations mandate to require it to take reasonable steps to deliver 1,200 homes in each state and territory within five years of the Housing Australia Future Fund commencing
- Expanding the eligibility of the Home Guarantee Scheme
 - Any two eligible people to be joint applicants for a guarantee beyond spouses and de facto partners
 - Non-first home buyers who have not owned a property in Australia for at least 10 years to access the First Home Guarantee and Regional Home Guarantee
 - A single legal guardian of children to access the Family Home Guarantee
 - Australian permanent residents to access the Scheme



Household energy upgrades fund

The Government has allocated \$1.3b to the Household Energy Upgrades Fund to assist in increasing the energy performance of housing stock and reduce energy costs through:

- \$1b allocation to the Clean Energy Finance Corporation to provide eligible Australians with low-cost loans and mortgages for energy-saving home upgrades
- \$300m over four years to support upgrades to social housing with states and territories to save energy
- \$36.7m over four years to develop initiatives to improve energy performance, including modernising the Greenhouse and Energy Minimum Standards program and the Nationwide House Energy Rating scheme

The aim of this measure is to assist households in managing the increasing energy costs through more energy efficient housing.

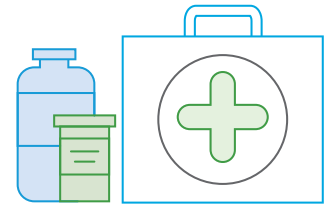
WINNERS

Local and Foreign investors in BTR, local renters, affordable and social housing households in managing the increasing costs of their energy bills through more energy efficient housing.

CASE STUDY

An eligible BTR project is proposed to be developed in Sydney, with the fund seeking investors to commit to a \$100m project. This project is competing with a myriad of other projects for investor funds. The tax changes proposed may:

- Improve the cash flow metrics of the project through increased capital works deductions, reducing the payback period of the project and making it more viable
- The 15% reduction in the MIT withholding tax rate may encourage non-resident investors to participate in the project as compared to other property investments that may not qualify for the reduced withholding tax rate



The overall spending on health, aged care, and sport in 2023–24 will be \$137.6bn. The health spend has been framed around the key themes of:

- Building a stronger Medicare.
- Delivering the largest ever pay rise to aged care workers.
- Tackling smoking and vaping and improving cancer outcomes.
- Laying the groundwork for mental health and suicide prevention system reform.
- Health protection, preventive health, and sport.
- **Additional Funding for Medicare Urgent Care Clinics.** An additional \$358.5m over five years has been committed to deliver another eight new urgent care clinics by the end of 2023. The 50 existing Urgent Care Clinics are used to reduce pressure on emergency departments and improve access for urgent but not life-threatening care by operating for extended business hours and ensuring patients don't have out-of-pocket expenses.

Stronger Medicare

The headline reform in the Budget is the Strengthening Medicare measures at an estimated cost of \$5.7bn over the next five years.

The most significant measure is \$3.5bn in bulk billing incentives, which will make healthcare more affordable and accessible to Australians, with immediate impact to children under the age of 16 and pension and concession card holders. From 1 November 2023, a GP who bulk bills an eligible patient for a standard consultation in a metropolitan area will receive a bulk billing incentive benefit of \$20.65 instead of \$6.85. In remote areas, the bulk billing incentive for a standard consultation will increase from \$13.15 to \$39.65.

The increased incentives apply to:

- All face-to-face GP consultations more than six minutes in length.
- Level B telehealth GP services which are between six and 20 minutes in length.
- Telehealth GP consultations longer than 20 minutes for patients registered through MyGov.

Other initiatives included within the Budget:

- **Workplace Incentive Program Practice Stream.** The Government has committed an additional \$445.1m in funding over five years for the Workforce Incentive Program-Practice Stream. The additional funding is being used to increase the maximum payment incentive payment from \$125,000 to \$130,000 per practice, per annum and expand eligibility for more practices to receive the maximum incentive.
- **MyMedicare.** \$19.7m over four years from the 2023–24 financial year to implement the MyMedicare system, which will give practices improved detail on their regular patients whilst allowing patients and their care teams to access further funding (i.e. connect frequent hospital users to a general practice and allow longer telehealth consultations through the MBS for MyMedicare patients from November 2023).

Aged Care

Aged care has become one of the largest areas of expenditure within the Budget, with an overall spend of \$36bn, including investing \$11.3bn to fund the Fair Work Commissions' decision for a 15% increase to award wages. This case put before the Fair Work commission was supported by unions and a significant number of employers to address staff shortages.

According to Aged Care Minister Anika Wells, this will increase the salaries of 250,000 workers. Aged Care providers will receive additional funding through existing funding arrangements and new grant opportunities.

In addition, employers can apply for an Aged Care labour agreement immediately. This measure is intended to streamline the employment and visa process for overseas workers to promote increased recruitment and retention in the aged care workforce. The changes are expected to provide significant relief to providers to help support existing employers and attract new employers to the sector, thus increasing viability.

The investment in Aged Care also includes:

- \$487m to extend Disability support for Older Australians
- \$98.7m for Provider viability support
- \$12.9m to strengthen nutrition for aged care residents

Pharmacy

Following the recent media release by Health Minister Mark Butler, from 1 September 2023, the cost of some prescriptions for Australians will reduce, with the introduction of the ability to obtain a dispensing of 60 days' worth of medicine instead of the current 30.

On 1 September, 100 of the 320 targeted medicines will be listed for eligibility for 60-day dispensing, followed by a second tranche in March and a final tranche in September 2024. The aim of this change in policy is to improve access to medication for patients and reduce the frequency of GP visits for script refills. This could save patients a potential \$180 a year, as patients will pay the same \$30 patient contribution

towards their script for 60 days as they were for 30 days of supply. For pensioners, this will mean a saving of \$45 per year per medication.

It is also noted that your GP will have the option on each script of retaining the 30-day dispensing period.

It remains to be seen whether the required limit to be reached under the safety net will be correspondingly reduced. The safety net is the level of expenditure which, when reached in a calendar year, means all further medicines acquired in that year are free.

Whilst the change is touted as a cost saving measure for patients and the Government, it does have some ramifications for community pharmacies around the country.

The Pharmacy Guild of Australia and pharmacy owners have expressed concerns around exacerbation of existing medicine shortages, higher wastage of medications due to larger supplies being hoarded, and increased lack of contact with local pharmacists who are the most accessible healthcare providers.

In a small positive for the sector, Treasurer Chalmers announced a \$2.2bn primary healthcare boost to the PBS listing as well as confirming widening of scope with \$114.1m committed over a five-year period for vaccine administration.

NDIS

NDIS is one of the fastest growing areas of spending in the Budget and historically NDIS has always exceeded its budget. The Government is attempting to slow this annual growth to 8% by 1 July 2026.

With the NDIS expenditure estimate for 2032 being \$89.4bn, the Government needs to address this. Although, since its inception the NDIS has always exceeded its budget.

To limit costs, the Government has pledged \$129m to crack down on fraudulent and non-compliant behaviour. Treasury expects to save \$59bn over the next decade. However, the scheme will still be driven by demand, and it will be as large as it is required to be. The NDIS is expected to have one million participants by the end of 2023.

Laying the groundwork for mental health and suicide prevention system reform.

Total value of the package is \$586.9m. It seeks to continue reforms to the mental health and suicide prevention system by addressing:

- Workforce shortages
- Extending critical services
- Addressing urgent gaps

The focus on the Budget is seeking to address bottlenecks in the psychology training pipeline and pathways to create capacity within the sector, by helping to produce more skilled and qualified professionals to recognise and respond to mental health issues.



Health protection, preventive health, and sport

Total value of package is \$1.1bn, including \$738.6m on health protection and \$378.8m on health prevention.

This investment is looking to future proof our health sector, by reducing future demand for services and/or the severity of future care needs.

Tackling smoking and vaping, and improving cancer outcomes

The Budget provides for \$511.1 million over four years targeting:

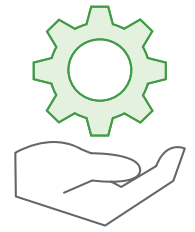
- A new national lung cancer screening program
- Nicotine vaping product regulation and reform
- National public health campaigns to prevent uptake and reduce smoking and vaping, including additional funding provisioned in the Contingency Reserve for a targeted youth campaign
- Increase and enhance smoking and vaping cessation support

WINNERS

General practitioners, young families, pensioners, other commonwealth concession card holders, NDIS, telehealth patients and Aged Care.

LOSERS

Community Pharmacy in the short term, but there is potential for this to turn around.



Significant reform of Australia’s Petroleum Resource Rent Tax (PRRT) regime, which is expected to yield in aggregate \$2.4bn of additional PRRT receipts over the forward estimates period to 30 June 2027, has been announced.

The Government has announced that it will implement a total of 16 recommendations made by the Gas Transfer Pricing (GTP) and Callaghan reviews. Foremost amongst these is a cap on the use of deductions for liquefied natural gas (LNG) projects that will apply from 1 July 2023.

The fundamental objective of this measure is to bring forward PRRT receipts by limiting the proportion of PRRT assessable income that can be offset by deductions to 90% (after mandatory transfers of exploration expenditure), which will result in PRRT payable equivalent to 4% of assessable PRT receipts. To minimise the impact of upfront PRRT payments on project economics, the cap will apply only seven years after first production, whereas unused denied deductions will be carried forward and uplifted at the government long-term bond rate (LTBR). This is less favourable than current uplift rates and is designed to preclude the ‘excessive’ compounding of deductions and reduce the risk of diminishing net PRRT receipts. Certain classes of deductible expenditure are excluded from the cap.



The following two tables summarise the fifteen other measures announced as part of the PRRT reform:

GTP Review	
Recommendation 3:	Require projects to make an irrevocable election to use the shorter or longer asset life formula to remove the integrity risk that projects change the operating life of capital projects to benefit from higher rates of return allowable under the shorter asset life formula.
Recommendation 5:	Equalise the treatment of notional upstream and downstream entities between loss situations and profit situations for the purpose of the Residual Pricing Method (RPM).
Recommendation 6:	Update the comparable uncontrolled price (CUP) rules to align with the OECD guidelines. In particular, the analysis for the CUP should be broadened to consider all reasonable conditions of a comparable transactions. Reasonably accurate adjustments would continue to be permitted.
Recommendation 7:	Modify the Advance Pricing Arrangement (APA) rules to provide guidance to industry and the Commissioner on the principles that the Commissioner must have regard to in agreeing an APA. The use of an APA should be limited to circumstances where it is required to give practical effect to the statutory residual profit split.
Recommendation 8:	Update the regulations for tolling arrangements to support the effective operation of the RPM and to ensure that arm’s length’ commercial transactions for parts of the LNG production chain are used as far as possible as a reference for establishing a gas transfer price.
Recommendation 9:	Update both the PRRT general anti-avoidance rule and the arm’s length rule to clarify that they apply to the GTP Regulation.
Recommendation 11:	Update the GTP Regulation to ensure that where an LNG facility enters the PRRT regime for the first time for backfill or tolling purposes, the value of the plant for use in PRRT calculations is the historical cost of the LNG facility, uplifted by the GDP deflator to the date of first production for PRRT purposes.

Callaghan Review

Recommendation 5: Allow PRRT taxpayers to lodge annual returns after they start holding an interest in an exploration permit, retention lease or production lease (rather than having to wait until they receive assessable receipts from the project).

Recommendation 6: Grant power to the Commissioner to treat a new project as a continuation of an earlier project where it would be reasonable to do so.

Recommendation 7: Grant discretion to the Commissioner to recognise more than one project from a production licence area where there are genuinely separate and independent petroleum operations.

Recommendation 8: Extend to offshore projects, the option to have all interests held by a group taken together and reported as a single PRRT return.

Recommendation 9: Allow PRRT taxpayers to adopt a substituted accounting period for PRRT so it can align with their choice to use a substituted accounting period for income tax.

Recommendation 10: Allow PRRT taxpayers operating with a Multiple Entry Consolidated (MEC) Group to make a functional currency choice for PRRT purposes that aligns with the functional currency choice made for income tax purposes.

Recommendation 11: Grant power to the Commissioner to administratively exempt projects from PRRT obligations where they are clearly unlikely to pay PRRT in the foreseeable future.

Recommendation 12: Amend PRRT anti-avoidance rules to be in line with the income tax anti-avoidance rules.



Separate measures were announced to amend:

- PRRT legislation to clarify the scope of the term 'exploration for petroleum', and
- income tax legislation to clarify that mining, quarrying and prospecting rights (MQPR) cannot be depreciated until they are first used (rather than merely held).

Both measures are intended to reflect legislative intent as recently affirmed by the Full Federal Court in *Commissioner of Taxation v Shell Energy Holdings Australia Limited* [2022] FCAFC 2.

WINNERS

LNG producers and investors who may have feared harsher PRRT reform.

LOSERS

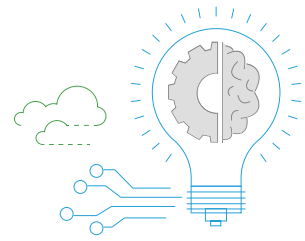
Potential beneficiaries of higher anticipated PRRT receipts.

Whilst the PRRT reform is arguably less modest than some stakeholders were expecting, it arguably strikes a fine balance between ensuring a minimum return to the community from the offshore LNG industry and not deterring further investment in existing and new LNG projects.

CASE STUDY

LNGCo has carried forward deductions as at 30 June 2023 of \$250m and based on projected PRRT taxable profit per annum of \$25m is not expected to pay PRRT until the income year commencing 1 July 2033.

Following enactment of the PRRT cap, LNGCo will instead first pay PRRT of \$10m for the income year ended 30 June 2024.



Innovation, Clean Energy and Technology

Innovation does not appear to be at the forefront of the Federal Budget. There is however a focus on clean energy to support the transition towards net zero and critical technologies.

Growing Australia's Critical Technologies Industries:

Whilst the Government recognise seven critical technology areas, Quantum and Artificial Intelligence (AI) have been acknowledged in this area of the Budget. This includes:

- \$101.2m over five years from 2022–23 to support businesses to integrate quantum and AI technologies into their operations, through:
 - Extending the National AI Centre and its role in supporting responsible AI usage through developing governance and industry capabilities.
 - Establishing an Australian Centre for Quantum Growth to support ecosystem growth and commercialisation in Australia's quantum industry.
 - Supporting small and medium enterprises' adoption of AI technologies to improve business processes and increase trade competitiveness.
- \$14.8m over four years from 2023–24 to establish the Powering Australia Industry Growth Centre to develop advanced technology and skills as part of the Government's Australian Made Battery Plan.

Critical Minerals

\$80.5m will be provided over four years from 2023–24 to support the Australian critical minerals sector to build diverse and competitive supply chains, attract international investment and transition to net zero. This includes \$57.1m over four years from 2023–24 to undertake international engagement to promote Australian critical minerals projects and build diverse and resilient supply chains with key international partners.

R&D Tax Incentive

The R&D Tax Incentive program remains stable in this Budget with no proposed changes.

Hydrogen Headstart Program

The Government has committed to making Australia a "renewable energy superpower." To do this, significant strides need to be made in the innovation of clean energy technologies and modernisation of infrastructure, with the focus on converting Australia's natural advantage of sun, wind and land into growth opportunities across industries.

The Budget allocation towards a clean energy future encourages the development of clean energy technologies and some improvements to infrastructure, which is much needed in this energy transition shifting from fossil fuels and to net zero.

A \$2b Hydrogen Headstart program is being launched, which will accelerate the development of Australia's Hydrogen industry.

The program will provide support for investment in renewable Hydrogen production through competitive production contracts, including funding for the Australian Renewable Energy Agency and the Department of Climate Change, Energy, the Environment and Water to support the development and operation of the program.

This includes:

- \$5.6m in 2023–24 to analyse the implications for Australia of intensifying global competition for clean energy industry, and to identify actions before the end of 2023 to further catalyse clean energy industries, ensure Australian manufacturing competitiveness and attract capital investment.
- \$2m over two years from 2024–25 to establish a fund to support First Nations communities to engage with hydrogen project proponents and planning processes.

Powering the Regions Fund

\$1.3b has been allocated over five years from 2022–23 from \$1.9b provided in the 2022–23 October Budget to support the decarbonisation of existing industries, develop new clean energy industries and support sovereign manufacturing capacity essential to the energy transition.

Patent Box

The Government will not proceed with three separate patent box measures announced by the former Government in the 2021–22 and 2022–23 March Budget. It is unclear exactly which measures will be abandoned. No doubt there will be many disappointed stakeholders given the draft legislation and ongoing consultation over recent years.

WINNERS

Hydrogen, Critical Technologies and Critical Minerals.

LOSERS

Patent Box Regime hopefuls.

Government Grants

As anticipated, the 2023–24 Australian Federal Budget heralds funding programs to incentivise the shift to low emissions activities.

- Continuing from the prior year budget, the \$1.3bn Powering The Regions Fund focuses on the decarbonisation of existing industries. The Fund incorporates streams for industrial transformation as well as critical inputs such as steel, cement, lime and alumina
- The Australian Renewable Energy Agency's (ARENA's) continued receipt of Federal funding will be supported under the newly announced \$2bn Hydrogen Headstart program.

The move towards all things digital is reflected in the allocation of \$101.2m over five years to support businesses to integrate quantum and Artificial Intelligence (AI) technologies. Among other initiatives, the Critical Technologies Challenge Program will support the use of critical technologies to solve significant national challenges.

Infrastructure funding is present for both urban and regional areas.

- The \$211.7m Thriving Suburbs Program provide grants for community infrastructure in urban and suburban communities.
- The well-established Remote Airstrip Upgrade Program receives \$13.5m for an additional funding round. The program supports improved safety and access at remote airstrips and facilitate air connectivity and the delivery of goods and services to remote communities.
- The Infrastructure Investment Program provides \$50m over four years for infrastructure projects in Central Australia.
- A new \$43.6m National Road Safety Action Grants Program supports community education and awareness, vulnerable road users, First Nations road safety, technology, innovation, and research.
- The National Water Grid Fund receives an additional \$150m over four years to improve water security for regional and remote First Nations communities.

The prior year's National Reconstruction Fund is now legislated, and will be established to offer debt finance, loans and guarantees to businesses in priority sectors.



Some existing programs that have become staple funding sources for growing businesses are experiencing change.

- The Entrepreneurs Program as we know it is being replaced by the Industry Growth Program, targeted to Australian SMEs and startups seeking to commercialise their ideas. Support will be targeted towards businesses operating in the priority areas of the National Reconstruction Fund.
- Funding for the Export Market Development Grants, which have been progressively reduced in value over recent years, will be cut. Existing applicants will be eligible to receive their grant funding over the next two years.

WINNERS

Businesses seeking to reduce emissions or incorporate digital technologies such as quantum computing and AI.

LOSERS

Prospective Export Market Development Grant applicants and those of other reallocated funds.

Progress of previously announced Federal Budget measures

Measure	Summary	Proposed date of effect	Status
BUSINESS			
Increased deduction for small businesses external training expenditure	Small business entities (aggregated turnover less than \$50m) will be able to deduct an additional 20% of expenditure incurred on external training programs to their employees until 30 June 2024.	29 March 2022	Announced/Before Senate
Increased deduction for digital adoption by small businesses	Small business entities (aggregated turnover less than \$50m) will be able to deduct an additional 20% of eligible expenditure supporting digital adoption. The measure will apply for eligible expenditure incurred from 29 March 2022 until 30 June 2023.	29 March 2022	Announced/Before Senate
Primary producers selling Australian Carbon Credit Units (ACCUs) and biodiversity certificates	Primary producers will treat revenue from the sale of Australian Carbon Credit Units (ACCUs) as primary production income, providing access to income tax averaging arrangements and the Farm Management Deposit scheme. Revenue from ACCUs will be recognised in the year of sale to support cash flow. The treatment of biodiversity certificates will be aligned with the new tax regime for ACCUs.	1 July 2022	Announced/Not Yet Actioned
Thin capitalisation: new earnings-based tests for limiting debt deductions	The current safe harbour and worldwide gearing tests were announced to be replaced with earnings-based tests so that debt deductions are limited in line with the entity's profits. Additionally, the arm's length debt test will be replaced by an 'external third-party debt test which allows interest expenses to be deducted to the extent they are attributable to 'genuine third-party debt' used fund Australian business operations.	1 July 2023	Announced/In Progress
Significant Global Entities (SGEs) – denial of deductions (intangibles)	Anti-avoidance rule to prevent SGEs from claiming tax deductions for payments made to related parties (directly or indirectly) in relation to intangibles connected with 'low corporate tax jurisdictions'.	1 July 2023	Announced/In Progress
Franked distributions funded by capital raisings	Date from which the measure will apply changed from 19 December 2016 to 15 September 2022.	15 September 2022	Announced
Off-market Share Buy Backs	Alignment of the tax treatment of off-market share buy-backs undertaken by listed public companies with the treatment of on-market share buy-backs.	7:30pm AEDT, 25 October 2022	Announced/Before Senate
TAX ADMINISTRATION			
PAYG instalments based on financial performance	Companies will have the choice to calculate PAYG instalments based on current financial performance extracted from business accounting software, with some tax adjustments. Subject to the capacity of software providers to deliver, the measure will commence on 1 January 2024.	1 January 2024	Announced/Not Yet Actioned
Taxable payments reporting system	Businesses will have the choice to report taxable payments reporting system data (via accounting software) on the same lodgment cycle as their activity statements. Subject to the capacity of software providers to deliver, the measure will commence on 1 January 2024.	1 January 2024	Announced/Not Yet Actioned
Trust and beneficiary income reporting to be digitalised	Trust and beneficiary income reporting and processing will be digitalised by allowing all trust tax return filers the option to lodge income tax returns electronically. Subject to the capacity of software providers to deliver, the measure will commence on 1 July 2024.	1 January 2024	Announced/Not Yet Actioned
STP data sharing with states and territories	IT infrastructure will be developed to allow the ATO to share single touch payroll (STP) data with state and territory revenue offices on an ongoing basis.	Late 2023	Announced/Not Yet Actioned
Tax Avoidance Taskforce to be extended	The ATO will be given funding to extend the operation of the Tax Avoidance Taskforce to 30 June 2026.	30 June 2026	Effectuated

OTHER			
Tax exemption for Australian sovereign wealth fund extended	Wholly owned Australian incorporated subsidiaries of the Future Fund Board of Guardians will be exempt from corporate income tax from the first income year after assent of the enabling legislation.	No Specified Dates	Announced/ Before Senate
Additions to deductible gift recipients list	The following organisations will be specifically listed as deductible gift recipients for donations made within the specified dates: <ul style="list-style-type: none"> Australians for Indigenous Constitutional Recognition from 1 July 2022 to 30 June 2025. Australian Women Donors Network from 9 March 2023 to 8 March 2028. 	See specified dates	Enacted
Paid Parental Leave	The Paid Parental Leave (PPL) scheme will be expanded so that either parent is able to claim the payment and both parents are allowed to receive the payment if they meet the eligibility criteria. From 1 July 2024 the scheme will commence being expanded to two additional weeks per year until it reaches a full 26 weeks from 1 July 2026.	1 July 2023	Enacted

Glossary of Terms

A New Tax System (Goods and Services Tax) Act 1999 (**GST Act**)

Australian Taxation Office (**ATO**)

Capital Gains Tax (**CGT**)

Fringe Benefits Tax (**FBT**)

Gross Domestic Product (**GDP**)

Goods and Services Tax (**GST**)

High Net Worth (**HNW**)

Income Tax Assessment Act 1936 (**ITAA 1936**)

Income Tax Assessment Act 1997 (**ITAA 1997**)

Small to Medium Enterprises (**SME**)

Superannuation Industry (Supervision) Act 1993 (**SISA**)

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