



Federal Budget 2016

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26 May 2016



Company Tax

Income year	Threshold (< \$)	Rate (%)
2015-16 (current year)	2m	28.5
2016-17	10m	27.5
2017-18	25m	27.5
2018-19	50m	27.5
2019-20	100m	27.5
2020-21	250m	27.5
2021-22	500m	27.5
2022-23	1bn	27.5
2023-24	all companies	27.5
2024-25	all companies	27
2025-26	all companies	26
2026-27	all companies	25

Company Tax

Small Business eligibility test changed (currently \$2m aggregated turnover)

Increased eligibility for the following:

- Simplified depreciation rules (\$20k immediate asset write-off to 30 June 2017)
- Simplified trading stock rules
- Simplified PAYG tax instalments
- Option to account for GST on a Cash Basis

No increase in scope of Small Business CGT concessions (threshold stays at \$2m aggregated turnover)

Superannuation changes

The following objective for the superannuation system will be enshrined in law:

“to provide income in retirement to substitute or supplement the Age Pension”

Superannuation changes – Retirement CAP

Current position	Proposed changes	When
Unlimited amount of superannuation in retirement (or pension) phase	Introduction of a \$1.6 million superannuation transfer balance cap	1 July 2017

Key Issues

- **In essence retrospective – many funds will need to transfer funds / assets from pension phase back to accumulation phase (or withdraw excess from super)**
- **Capital gains tax on assets previously allocated to pension phase**

Key Superannuation Changes

Current position	Proposed changes	When
Non-concessional contribution caps \$180k per annum	Lifetime cap non-concessional cap of \$500,000	3 May 2016
Concessional cap \$35,000 (aged 49 above) & \$30,000 (the rest)	Concessional cap \$25,000 for everyone	1 July 2017
High Income Earners >\$300k taxed at 30% on concessional contributions	High Income Earners >\$250k taxed at 30% on concessional contributions	1 July 2017

Key Superannuation Changes

Current position	Proposed changes	When
Earnings supporting Transition to Retirement Income Streams (TRIS) tax exempt	Earnings supporting TRIS taxable	1 July 2017
Annual concessional contribution limits	Catch-up concessional contributions	1 July 2017
No low income offsets	Reintroduction of the low income super concessions	1 July 2017

Finally: Individual Income Tax

	2015-16		2016-17	
	Threshold	Rate (excluding 2% Medicare Levy)	Threshold	Rate (excluding 2% Medicare Levy)
1 st Rate	\$0 - \$18,200	0%	\$0 - \$18,200	0%
2 nd Rate	\$18,201 - \$37,000	19.0%	\$18,201 - \$37,000	19.0%
3 rd Rate	\$80,001 - \$180,000	37.0%	\$87,001 - \$180,000	37.0%
4 th Rate	\$180,001	47.0%	\$180,001	47.0%

Source: Thomson Reuters Special Issue – 2016 Budget Report



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