



## Federal Budget 2021-22 Key Tax and Superannuation Measures

On Tuesday, 11 May 2021, Treasurer Josh Frydenberg in the background of an ongoing Global Pandemic delivered the 2021-22 Budget incorporating new spending to fast track economy recovery, and including spending measures to address a number of priority policy areas such as Aged Care.

As per previous Budgets, Tuesday's Budget also contained a number of tax and superannuation related measures.

A brief summary of the key tax and superannuation related measures are as follows:-

### Key Tax related measures

- **Extending the full expensing of assets for another year** - the Government will extend the 2020-21 temporary full expensing measures for 12 months until 30 June 2023. This allows eligible businesses to deduct the full cost of eligible depreciable assets of any value, acquired from 7:30pm AEDT on 6 October 2020 and first used or installed ready for use by 30 June 2023.
- **Extending the loss carry-back rules** - going hand-in-hand with the extension with regard to the full expensing of assets, is the extension of the ability to carry back losses from the year ending 30 June 2023 as far back as the year ended 30 June 2019.
- **Simplification of Individual tax residency rules** - Under the proposed rules, individuals who are physically present in Australia for 183 days or more will be Australian tax resident under the 'primary test'.
- **ATO debt recovery** - the AAT will be given the power to pause or modify ATO debt recovery action in relation to disputed debts of small businesses.
- **Self-education expenses** - \$250 threshold to be removed.
- **Updating list of exchange of information countries** - The Government will update the list of countries with effective information sharing agreements with Australia to include Armenia, Cabo Verde, Kenya, Mongolia, Montenegro and Oman.
- **Effective life of intangible depreciating assets** - Taxpayers will be allowed to choose to calculate the decline in value of eligible intangible depreciating assets (such as copyrights, patents registered designs and in-house software) using either a self-assessed effective life or the effective life set by statute.

### Key Superannuation related measures

- **Super Guarantee** - The \$450 per month super threshold will be removed from 1 July 2022, and the proposed SG contributions increase will occur as planned. This means that the SG rate increases to 10% from 1 July 2021 and increases by 0.5% per year thereafter until it reaches 12%.
- **Removal of work test for non-concessional super contributions** - to permit individuals aged 67 to 74 to make non-concessional by removing the work test for contributions made from 1 July 2022.
- **SMSF residency rules** - to be relaxed by extending the central management and control test safe harbour from 2 to 5 years, and removing the active member test for both SMSFs and small APRA funds.
- **Reducing the age of eligibility from 65 to 60 years for downsizer superannuation contributions** - this measures will allow a person aged 60 or over to make a one-off non-concessional contribution to their superannuation of up to \$300,000 from the proceeds of selling their principal residence owned for ten years or more prior to the sale

For further information, please contact your Kaias Phillips Team member on 03 9489 5888.