

Federal Budget Report 2019



The focus of this year's Federal Budget was on personal tax cuts for low, middle and high income earners.

The Government also announced several changes to superannuation aimed at helping older Australians who can afford to make additional contributions to superannuation.

Compared to previous budgets, the superannuation changes are modest and will have little impact on most Australians.

The super changes announced will need to be legislated and, with a Federal election around the corner, there is no certainty they will be implemented. The Government is expected to announce the date for the 2019 Federal Election later this week.

Tax cuts

The tax cut proposals are designed to be implemented over a five year period with three key start dates:

Immediately: An Increase to the low and middle income tax offset providing up to \$1080 for singles; up to \$2160 for dual income families.

From 2022-23: An increase in the income tax threshold for the 19 per cent tax rate from \$41,000 to \$44,000 plus an increase in the low income tax offset from \$645 to \$700.

From 2024-25: A decrease in the 32.5 per cent tax rate to 30 per cent for Australians earning between \$45,000 and \$200,000.

Snapshot of measures

01

Allowing people aged 65 and 66 to make voluntary concessional and non-concessional contributions without meeting the work test.

02

Allowing people to make voluntary spouse contributions for spouses aged between 69 and 74.

03

Extending the bring forward rule to allow people aged 65 and 66 to make voluntary non-concessional contributions of up to \$300,000 in one year.



Super changes

There are three changes to superannuation which will benefit older Australians who can afford to make additional voluntary superannuation contributions.

First, people aged 65 and 66 years will be able to make voluntary concessional and non-concessional super contributions, without meeting the work test.

Secondly, the 'bring-forward' rule, which currently allow those aged less than 65 years to make three years' worth of non-concessional contributions in one year will be extended to those aged 65 and 66. This will allow these people to make voluntary non-concessional caps of up to \$300,000 in a single year.

Thirdly, members will also be able to make voluntary contributions for a spouse up to age 74, up from the current cut-off of 69 years.

Pensioner benefits

The Government is proposing a one-off Energy Assistance Payment of \$75 for single pensioners and \$125 for couples. The payment would be made this financial year at a cost of \$284 million.