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27 October 2021

Enhancing the super system and driving business investment

**Joint media release with
Senator the Hon Jane Hume**

**Minister for Superannuation, Financial Services and the Digital Economy
Minister for Women's Economic Security**

The Morrison Government has today introduced into Parliament the *Treasury Laws Amendment (Enhancing superannuation outcomes for Australians and helping Australian businesses invest) Bill 2021*, which will improve flexibility for Australians preparing for retirement, support more Australians to own their first home and help Australian businesses invest. The Bill also reduces costs and simplifies reporting for self-managed superannuation funds and small APRA-regulated funds.

The Government is delivering on a key commitment in the Women's Budget Statement by removing the \$450 per month income threshold under which employees do not have to be paid the superannuation guarantee by their employer. This will remove a structural discrimination that has been part of the superannuation system since 1992, improve equity in the superannuation system and increase the economic security of women in retirement.

The Morrison Government's recent reforms have paved the way for this important change. The introduction of Single Touch Payroll has made it easier for employers and recent superannuation reforms, such as the *Protecting Your Super* package, have strengthened protections for small superannuation balances from high fees and insurance premiums.

The maximum amount of voluntary contributions that people are able to release under the First Home Super Saver Scheme (FHSSS) will increase from \$30,000 to \$50,000, empowering more Australians to save effectively for their first home deposit.

The eligibility age to make downsizer contributions into superannuation will reduce from 65 to 60 years of age. This will allow more older Australians to consider downsizing to a home that better suits their needs, freeing up the stock of larger homes for younger families.

The Bill supports the repeal of the work test for non-concessional and salary sacrificed contributions which will be implemented through regulation changes the Government intends to make before the end of the year. The legislation introduced today preserves the work test for personal deductible contributions made by individuals aged between 67 and 75. It will also make amendments necessary to allow eligible individuals to make non-concessional superannuation contributions under the bring-forward rule. This will improve flexibility for older Australians to contribute to their superannuation.

Australians will be able to take advantage of these changes from 1 July 2022.

In addition, the legislation reduces costs and simplifies reporting for superannuation funds by providing choice for superannuation fund trustees for the 2021-22 income year onwards. Trustees will now be able to use their preferred method of calculating exempt current pension income where the fund is fully in the retirement phase for part of the income year but not for the entire income year.

The Government is extending the temporary full expensing measure by 12 months, to 30 June 2023 to further support business investment and the creation of more jobs.

As part of the 2020-21 Budget, the Government introduced a time-limited investment incentive to support business investment and the economic recovery from COVID-19, by allowing businesses with aggregated annual turnover or total income of less than \$5 billion to deduct the full cost of eligible assets, of any value, purchased after 7.30pm AEDT on 6 October 2020 and first used or installed ready for use by 30 June 2022.

The legislation introduced into Parliament today will extend the end date of temporary full expensing to 30 June 2023, providing eligible businesses with more time to access the incentive.

Temporary full expensing applies to around \$320 billion worth of investment, and over 99 per cent of businesses, employing 11.5 million workers, are eligible for this measure.

The Bill and explanatory material

(https://www.aph.gov.au/Parliamentary_Business/Bills_Legislation/Bills_Search_Results/Result?bld=r6800) is available on the Parliament of Australia website.

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