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# Federal Budget 2024-25

**INSIGHTS AND ANALYSIS**

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Federal Budget  
**2024–25**

## Foreword

Charged with the unenviable task of improving growth without fuelling inflation amidst weak and uncertain domestic and global economic outlooks, Treasurer Jim Chalmers has delivered a relatively measured Federal Budget.

The 2024–25 Budget, which seeks to secure Australia's future economic prosperity by providing assistance to Australians with cost-of-living pressures as well as delivering on the Federal Government's Future Made in Australia plan, includes the following headline measures:

- **Investing in a Future Made in Australia:** \$22.7b of investment over the next decade to build a Future Made in Australia, which is a plan to maximise the economic and industrial benefits of the net zero transformation
- **Cost-of-living relief measures:** \$300 energy relief for all Australian households and \$325 for eligible small businesses, the waiving of \$3bn in student debt through amendments to the approach to HELP indexation, increasing the maximum Commonwealth Rent Assistance amount, and cheaper medicines.
- **Building more homes for Australians,** including new housing investment of \$6.2bn.
- **Significant investment in Medicare.**

Few measures were announced from a tax perspective, although the potential impact of measures to broaden the Capital Gains Tax (CGT) net for foreign residents and penalise Significant Global Entity (SGE) taxpayers who mischaracterise or undervalue royalty payments, should not be underestimated.

It is pleasing to see production tax incentives for green hydrogen and the processing and refining of critical minerals, although the detail of these measures remains to be seen. The extension

of the increased Instant asset write-off is also welcome, subject to its potential to inadvertently stoke inflation.

Also welcome is the increased funding for the Australian Taxation Office, particularly the extension of the Tax Avoidance Taskforce and other compliance initiatives, all of which is forecast to yield an increase in receipts.

Whilst the forecast \$9.3bn surplus – the first back-to-back surplus in almost two decades – is certainly welcome, the significant deficits forecast thereafter, described as being fuelled substantially by what the Treasurer called 'unavoidable spending', suggest that tough decisions may need to be made by future governments.

Whether the 2024–25 Federal Budget will achieve its dual aims of alleviating cost-of-living pressures while securing Australia's longer-term economic prosperity remains to be seen, as does its potential impact on inflation.



**Danette Cheung**  
National Head of Tax



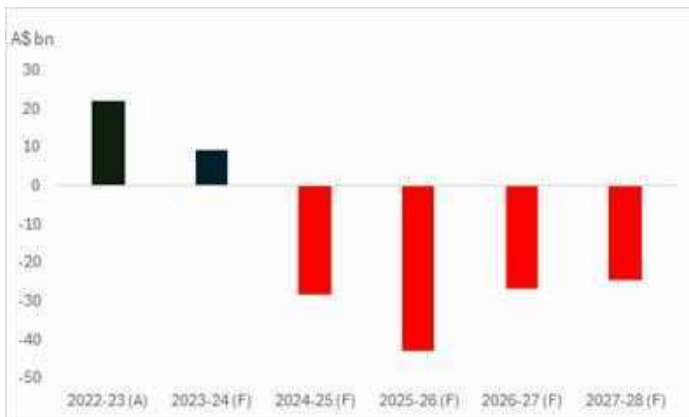
**Liam Telford**  
National Tax Technical Director

# Economic analysis

## Australia's Fiscal Crossroads: A Story of Resilience and Uncertainty

**As Australia grapples with shifting fiscal tides, it's not just about numbers on spreadsheets but the lives of everyday Australians caught in the currents of economic change. Financial uncertainties for an Australian, whether a consumer or a business, in the face of cost-of-living pressures and an elevated cost of operation, underscores the need for effective measures to alleviate burdens, illuminating yet again the human dimension of policy setting. While the boost to public spending offers a glimmer of hope, we remain cautious, aware of the fragile balance between short-term relief and long-term sustainability.**

To date, commodity prices and a robust labour market have resulted in consecutive Budget surpluses which are set to be reversed by projected deficits driven by increased spending and economic uncertainties. The Budget forecasts a surplus of \$A9.3bn for 2023-24 followed by significant deficits of \$A28.3bn in 2024-25 and \$A42.8bn in 2025-26. Acknowledging the Treasury's typically conservative approach to forecasting commodity prices, it wouldn't come as a shock if the eventual fiscal position surpasses initial projections.



**Exhibit:** Forecast indicates a deficit in the underlying cash balance  
**Source:** Australian Treasury, Federal Budget 2024-25

Fiscal measures aimed to alleviate cost-of-living pressures begin with every Australian taxpayer set to receive tax cuts averaging \$36 per week. Additionally, a significant allocation of \$3.5bn has been earmarked to provide \$300 in energy bill relief to all Australian households. Other measures include a waiver of \$3bn in student debt and an increase in Commonwealth Rent Assistance by 10%. These initiatives collectively represent a comprehensive approach to address immediate financial burdens faced by individuals across the country.

In tandem with efforts to ease living expenses, substantial investments are being directed towards housing initiatives and infrastructure development. \$6.2bn has been allocated for new housing investment with an additional \$1bn set aside to assist states and territories in constructing more

homes, aiming to alleviate housing shortages and facilitate affordable living options. Simultaneously, \$16.5bn is aimed at infrastructure projects looking to connect cities and towns.

On the industry side, some key measures include a focus on renewable energy and healthcare enhancements, including an allocation of \$22.7bn for renewable energy and \$2.8bn and \$3.4bn for Medicare services and pharmaceutical listings respectively. The budget also allocates \$22.7bn over the coming decade for the Future Made in Australia initiative. Under this plan, the government will institute a National Interest Framework to define key industries and investment priorities.

### What lies ahead

Concerns linger regarding the delicate balance between fiscal stimulus and inflationary pressures. The government's primary emphasis remains on addressing cost of living pressures but to say the Budget is not inflationary would be to deny the obvious. Today's Budget will likely make it harder for the Reserve Bank of Australia (RBA) to bring inflation down to target in the real sense. What we mean is, the measures, while targeted towards bringing down headline costs, risk stoking demand-driven inflation if Australian households do not show restraint in spending the extra cash. The proposed relief measures, some of which are neither targeted nor temporary, carry the risk of reversing the progress made on reducing inflation to date.

The contrasting perspectives on inflation and growth between the government and the central bank are starkly illustrated by the forecasts released by the Treasury today and the RBA in its recent Statement on Monetary Policy. Even if one were to entertain the notion that the RBA's inflation forecasts were adjusted upwards due to a lack of awareness regarding the subsidies outlined in today's Budget, we believe the RBA has demonstrated sufficient foresight in accounting for potential inflationary pressures within its economic outlook. Indeed, inflation is expected to decrease due to the subsidies; however, it's uncertain whether cost-cutting measures will result in sustained reductions in inflation over the long term.

It is unlikely the RBA will see the effects of this stimulus activity for another two quarterly CPI cycles, or until at least November 2024, at which point interest rates could go either way. Even if the RBA feels that the current 4.35% interest rate is sufficiently restrictive, it may be compelled to contemplate interest rate hikes, with the intention of directing the surplus funds toward mortgage repayments rather than discretionary expenditures.

**Devika Shivadekar**  
Economist





## Critical minerals and clean energy

**The 2024–25 Federal Budget launched the Future Made in Australia Package, with the new framework to facilitate “the biggest transformation in the global economy since the industrial revolution” and for Australia to reach “net zero by 2050.” As we get close to the key dates of net zero pledges, the Budget focuses on aiding Australia’s energy transformation and taking advantage of the opportunities that will be brought through global transformation. This creates significant opportunities for businesses that embrace green initiatives and projects, and specifically for those that invest now.**

### Clean energy

The Budget allocates \$19.7bn over 10 years from 2024–25 to accelerate investment in Future Made in Australia priority industries including renewable hydrogen, green metals, low carbon liquid fuels and manufacturing of clean energy technologies including in solar and battery supply chains. Funding is intended to catalyse clean energy supply chains and support Australia to become a renewable energy superpower. The Budget comprises the following initiatives:

- \$8bn over 10 years from 2024–25 (and an average of \$1.2bn per year from 2034–35 to 2040–41) to support the production of renewable hydrogen, fuel the growth of a competitive hydrogen industry and support Australia’s decarbonisation including:
  - \$6.7bn Hydrogen Production Tax Incentive available from 1 July 2027. The Hydrogen Production Tax Incentive for renewable hydrogen will incentivise greater investment in renewable hydrogen production.
  - \$1.3bn for an additional round of the Hydrogen Headstart program (at an average of \$151.6m per year from 2034–35 to 2038–39) to bridge the green premium for early-mover renewable hydrogen projects.
  - \$1.7bn over 10 years from 2024–25 for the Future Made in Australia Innovation Fund, to be administered by the Australian Renewable Energy Agency, to support innovation, commercialisation, pilot and demonstration projects and early-stage development in priority sectors, including renewable hydrogen, green metals, low-carbon liquid fuels and clean energy technology manufacturing such as batteries.
- \$1.5bn to the Australian Renewables Energy Agency to supercharge its core investments in renewable energy and related technologies.
- \$1.4bn over 11 years from 2023–24 (and \$66.8m per year from 2034–35 to 2036–37) to support manufacturing of clean energy technologies, including helping local businesses develop next generation solar panel and battery manufacturing capabilities.
- \$549m over eight years from 2023–24 to support battery manufacturing, including an additional \$523.2m to the Battery Breakthrough initiative administered by the Australian Renewable Energy Agency to promote the development of solar manufacturing capabilities, plus another \$20.3m over five years from 2023–24 for the Powering Australia Industry Growth Centre and the Future Battery Industries Cooperative Research Centre to enhance industry and research collaboration.
- \$218.4m over eight years from 2023–24 (and \$1.3m per year ongoing) to support a Future Made in Australia through the development of a skilled and diverse workforce and trade partnerships to support renewable energy growth plans. This includes:
  - \$91m over five years from 2023–24 (and an additional \$0.6m over three years from 2028–29) to support the development of the clean energy workforce, including through addressing vocational education and training sector trainer workforce shortages.
  - \$55.6m over four years from 2024–25 to establish the Building Women’s Careers program to drive structural and systemic change in work and training environments. The program will fund partnerships between training providers, community organisations, employers, and unions to improve women’s access to flexible, safe and inclusive work and training opportunities in traditionally male-dominated industries of national priority, including clean energy sectors.
  - \$38.2m over eight years from 2023–24 (and \$1.3m per year ongoing) to provide funding for a range of Science, Technology, Engineering and Mathematics (STEM) programs to increase diversity in STEM education and industries.

The Future Made in Australia framework will guide future private sector investments and direct money towards projects that either make a significant contribution towards reaching net-zero emissions, or that help to shore up Australia against supply chain disruptions.

## Critical minerals

At the core of the Government's commitment to the critical minerals industry is a \$7bn Critical Minerals Production Tax Incentive effective 1 July 2027 to support refining and processing of critical minerals (including lithium, nickel and rare earth elements).

This tax incentive is expected to be modelled on assistance available in the US (the US\$30bn Advanced Manufacturing Production Tax Credit that formed part of the US 2022 Inflation Reduction Act) and Europe (the 2020 European Green Deal). However, details have yet to be released, so it remains to be seen what the rate of the incentive will be, whether it will be refundable or non-refundable, which inputs will be eligible, whether it will apply to both new and existing production, whether there will be any limits (eg time- or volume-based) on production and whether the incentive will be permanent or temporary.

Other Future Made in Australia funding for critical minerals includes \$1.2bn in strategic investments in priority critical minerals projects.

As previously flagged, the Government will also spend \$566m over 10 years for Geoscience Australia to map Australia's national groundwater systems and resource endowments to identify potential discoveries of critical and strategic minerals. Under the funding, Resourcing Australia's Prosperity (RAP) will map offshore areas of Australia, pointing to sites for carbon capture and storage, as well as possible sites for clean hydrogen projects. The Minerals Council of Australia has predicted that this data will "pave the way for more precise and productive exploration efforts" and "allow for better planning and sequencing of future private investments in the minerals mining and processing industry".

Finally, the Government has allocated \$183m funding over eight years to the Department of Climate Change, Energy, the Environment and Water "to strengthen environmental approvals for renewable energy, transmission and critical minerals projects" and for Treasury "to strengthen and

streamline Australia's foreign investment framework". The latter changes are expected to result in greater scrutiny for foreign investment in critical minerals but improved processing times for transactions involving non-critical minerals.

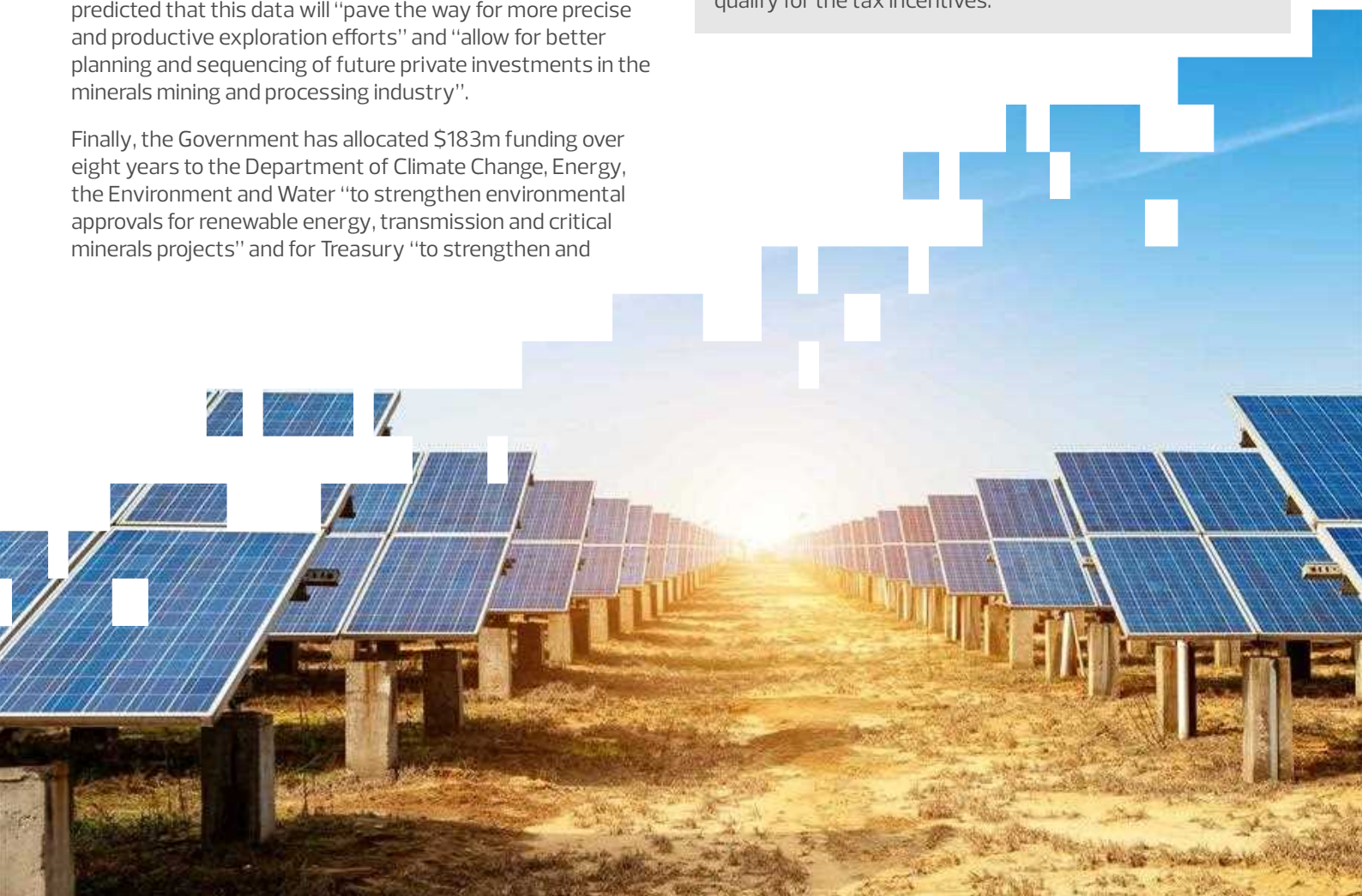
As well as forming part of the Government's push to capitalise on the worldwide green energy revolution, these announcements can be viewed through the lens of strategic efforts by the United States, Australia and its allies to break their reliance on Chinese supply of critical materials used in technologies that are important to national security. The Foreign Investment Review Board's guidance notes that "the scarcity and geographical concentration of some critical minerals leaves them potentially vulnerable to supply chain manipulation and disruptions for strategic gain that could cause long-term harm to national security."

### Winners

- Downstream producers of 'critical minerals' (31 specified minerals including lithium, nickel and rare-earth elements) and renewable hydrocarbon.
- Businesses developing, adopting and exploring emerging green technologies.
- Investors in renewable energy.

### Losers

Producers of 'strategic minerals' (i.e., aluminium, copper, phosphorous, tin and zinc) and other minerals who will not qualify for the tax incentives.



## Health

**The overall spending on health, aged care and sport in 2024–25 will be \$10.7bn, following on from last year's \$137.6bn. This Budget has been focused on the end user.**

### Strengthening Medicare

\$2.8bn commitment to strengthen Medicare:

- \$900m indexation boost to Medicare rebates.
- \$882m in funding has been announced to provide support to older Australians in the healthcare system with a focus on helping them avoid hospital admissions and being discharged early.
- \$227m investment in Urgent Care Clinics to add another 29 clinics to the existing 58 clinics. Urgent Care Clinics offer fully bulk-billed walk-in services to patients and aim to take the strain off general practices and hospitals emergency departments.

Other measures of note include:

- \$888m over eight years to strengthen Australia's mental health and suicide prevention system, including \$588m to establish a national low-intensity digital mental health service.
- \$148m in funding to support general practices by modernising Australia's digital health infrastructure.
- \$56m in funding over four years to improve access to reproductive and sexual healthcare for women.
- Reduction of the timeframe bulk billed services can be lodged from two years to 12 months after the date of services to allow quicker identification of fraud and non-compliance.

Whilst it is pleasing to see investment into further Urgent Care Clients, we would have liked to see investment into growing the future GP workforce to address staff shortages in the industry.



**The health spend has been framed around the key themes of:**

- **Strengthening Medicare**
- **Cheaper medicines**
- **A fit and healthy Australia**

### Aged Care

The Aged Care sector benefitted strongly from an additional \$2.2bn in this year's 2024–25 Budget over the 2023–2024 Federal Budget with an \$11.3bn allocation and support to develop new regulatory framework, improve workforce conditions including upskilling, and grow the workforce through attracting skilled overseas migrants.

This was the first significant Budget increase for the sector for several years and a further \$2.2b is welcomed.

We've seen improved results in terms of workforce conditions, pay improvements and fast-tracked visas attracting workers, and these results are likely to continue with these announcements, including \$2.5bn for 24/7 Registered Nurse coverage.

Investment into technology and particularly Artificial Intelligence (AI) is also on the wish list for the Aged Care sector and it is pleasing to see a further investment into upgrading the digital infrastructure across the sector. Modernising the Aged Care sector with AI technologies would greatly improve their efficiency and in-depth reporting capacity which in turn improves the experience of both workers and the aged care community.

### Pharmacy

With negotiations on the 8th Community Pharmacy Agreement (8CPA) yet to be finalised, it comes as no surprise that the Budget night announcement was light on policies that affect Community Pharmacy.

As part of the 8CPA, there will be \$151.1m of additional funding over five years in the form of increased ability to prepare Dose Administration Aids (DAA). The payment cap will increase to a maximum of \$90 per week. There will also be \$11.1m spent over five years on improving access to PBS subsidised medicine for First Nations people, and an expansion of the National Immunisation Plan (NIP) with a further \$900,000 committed to allow pharmacists to administer vaccines in residential aged care and disability services.

In mixed news, the PBS general and concessional co-payments will not be indexed until 31 December 2025 and 31 December 2029 respectively, although this may be countered by the reduction of the \$1 discount based on notional indexation until it is zero.



What has been announced today is a good start in providing access to cheaper medicine as well as professional services to the public and those in need. We hope to see further measures such as the above in the \$3bn committed to the 8CPA by the Government to aid patients in accessing not only cheaper medicine, but also further health services provided by their local pharmacist.

## Getting the NDIS back on track

Last year's Budget saw the Government commit \$910m over four years to an NDIS reform agenda designed to "get the NDIS back on track by improving outcomes for participants and ensuring the sustainability of the Scheme for future generations".

This Budget has seen continued investment in the reform agenda, with an emphasis on scheme sustainability and compliance, quality, and safeguards measures. This has largely remained unchanged with the following notable additions:

- \$45.5m over four years from 2024–25 (and \$13.3m per year ongoing) to establish an NDIS Evidence Advisory Committee, to provide independent and transparent advice to Government on the efficacy and cost-benefits of types of supports funded by the NDIS.
- \$23.5m over two years from 2024–25 for Services Australia to continue fraud investigation and response activities as part of the Fraud Fusion Taskforce.
- \$20m over two years from 2024–25 for initial design and consultation work on reforms to help participants and people with disability navigate services.
- \$5.3m in 2024–25 for the Independent Health and Aged Care Pricing Authority to work with the Department of Social Services and the NDIA to undertake initial work to reform NDIS pricing arrangements, including reviewing existing pricing approaches and developing a pricing data strategy.

Whilst reducing fraud is a critical issue within the scheme, the sector needs substantive pricing and payment review to ensure that providers can remain viable and sustainable. The sector is not meeting the current demand in the scheme, and

individual providers are poorly equipped to maintain high-quality supports to people with disability if the market starts to move through a period of consolidation and rationalisation.

Many of the 20,000+ businesses that provide NDIS services report that they are struggling financially, and the Government's focus to date has been to target fraud, specifically pricing.

## A fit and healthy Australia

Total package value of \$1.3bn (last year \$1.1bn), including:

- \$71m for cancer prevention, screening and treatment.
- \$43.9m towards eliminating HIV transmission.
- Approximately \$490m for elite and community sports programs.

The above initiatives are targeted towards health prevention initiatives to reduce risky lifestyle factors and keep people out of the health system.

### Winners

Patients, pensioners, and the end users of the health sector.

### Losers

Investment in the infrastructure to support the future of the health and NDIS sector, and in particular hospitals.



## Agribusiness

### An end to the live sheep export trade on 1 May 2028 and an extension of the \$20,000 instant asset write-off to 30 June 2025 headlines a Budget lacking in positive announcements for the agricultural sector.

The live sheep export industry will be phased out over the next four years, ending on 1 May 2028. The Budget includes \$107m over five years to assist in supporting the live sheep export trade through to 2028. Much of this funding will go to sheep producers and the supply chain, particularly in Western Australia, to support transition activities and financial counselling.

The Government has also announced \$519.1m over eight years for initiatives that support drought management and assist in adapting to climate change.

With the \$20,000 Instant asset write-off extended to 30 June 2025, small scale farming operations (annual turnover less than \$10m) will continue to enjoy immediate deductions for any new or second-hand assets costing less than \$20,000 (GST exclusive). This concession had been due to reduce to \$1,000.

However, there have been no changes to the generous concessions that allow agribusinesses of all sizes to deduct in full any spending on water infrastructure, fencing and fodder storage assets such as hay sheds.

A key 'wish-list' item for the industry was an increase in the thresholds to apply the small business Capital Gains Tax (CGT) concessions. As land prices have risen substantially in recent years, thresholds to access the CGT have remained static, preventing more farming families from accessing them.

CGT can be a significant impediment to succession planning, with the cost preventing ownership of many farms from passing to the next generation. Farmers will be disappointed to find there has again been no change to the thresholds of \$2m annual turnover or \$6m of net assets.

#### Winners

Agribusiness with turnover under \$10m per annum will benefit from the certainty of having a \$20,000 Instant asset write-off to 30 June 2025.

#### Losers

- Sheep farmers reliant on the live export trade.
- Larger agribusiness and farm machinery dealers will be disappointed in a lack of tax incentives to stimulate investment in farm machinery and improvements.



## Case study: ABC Farm Trust

### ABC Farm Trust turns over \$4m in the 2025 financial year

During the year they acquire the following assets:

- Farm bike – \$8,000
- Construction of a hay shed – \$300,000
- New water tanks and associated pumps – \$50,000
- Second hand utility vehicle – \$12,000

The ABC Farm Trust will be able to claim the full \$370,000 of asset purchases as a deduction in the 2025 financial year.

Had the \$20,000 Instant asset write-off not been extended, deductions for the cost of the farm bike and second hand utility vehicle would have been reduced to just of 15% of the purchase price.

## Property and construction

### The Government has announced additional measures to increase the supply of housing and train more construction workers.

#### Housing measures

Australia's residential building sector has been unable to construct sufficient new homes to keep up with demand. Labour and material shortages are significant contributors to the supply-side deficiency, whilst high net immigration has caused an increase in demand. This has resulted in decreasing affordability for both renters and buyers alike.

In response to these supply issues, the Government will develop the National Housing and Homelessness Plan, which is a 10-year strategy in which all levels of Government will work together to deliver the short, medium, and long-term actions needed to address these issues. This plan will build on the National Housing Accord announced in the 2023-24 Budget, to deliver 1.2 million new homes in five years commencing 1 July 2024. The Government has announced a reduction in net overseas migration by 110,000 people over the forward estimates from 1 July 2024. This change will no doubt reduce demand for housing.

In addition, the National Cabinet has agreed upon the National Planning Reform Blueprint. This will bring together state and territory planning ministers to progress 17 specific reforms to deliver more homes, including:

- Streamlining development approvals.
- Identifying well-located, development-ready land.
- Identifying how housing can be built faster on sites with development approval, but where development has not commenced.
- Ensuring state, regional and local strategic plans reflect their share of the 1.2 million new homes target.

#### Spending measures

Housing support is a key aspect of this Budget and builds on the announcements made in the 2023-24 Budget. Whilst some measures will be the direct responsibility of the Government, others are dependent on the states and territories signing the new National Agreement on Social Housing and Homelessness. Measures announced include:

- \$1bn for the states and territories to support "enabling infrastructure" for new housing through a new Housing Support Program – Priority Works.
- \$423m over five years to support the provision of social housing and homelessness services by the states and territories.
- \$89m over three years from 2024-25 to support 20,000 fee-free training places for new construction workers.

The Government has also announced a lower foreign investment fee for foreign investors when purchasing an existing Build-to-Rent property. This is conditional on the property continuing to be operated as a Build-to-Rent development. This measure is in addition to the previously announced Build-to-Rent measure, which halves the managed investment trust withholding rate from 30% to 15% and increases the capital works deduction rate from 2.5% to 4% for newly constructed build-to-rent properties. The Property Council of Australia estimates this could unlock 150,000 apartments over the next 10 years.

The Government also announced \$1.9bn in funding for community housing providers to deliver social and affordable housing under the Housing Australia Future Fund and the National Housing Accord.

Whilst these measures are a step in the right direction, there is still considerable work to be done.

#### Infrastructure spending

The Government has committed to delivering priority road and rail infrastructure projects. Funding measures include:

- \$4.1bn over seven years from 2024-25 for 65 new priority infrastructure projects across Australia;
- \$10.1bn over 11 years from 2023-24 for existing projects in the Infrastructure Investment Program;
- \$1.7bn in 2023-24 to continue existing road maintenance and safety programs.

The Government has also announced it will reprofile \$2.1bn beyond the forward estimates to better align with construction market conditions and project delivery timeframes.

#### Winners

- Renters and first home buyers
- Aspiring construction workers



# Corporates

## Tinkering changes rather than any genuine attempt at much-needed tax reform.

### Corporate and international tax

**The Budget introduces very limited new initiatives or proposed changes in relation to corporate and international taxation, other than announcing a new penalty regime for royalties paid to non-residents and flagging the intention to extend Capital Gains Tax (CGT) for non-residents.**

#### New SGE penalty regime for royalties

Buried in the detail is the proposed introduction of a new penalty regime from 1 July 2026 that applies to significant global entities (SGEs) (with more than \$1bn in global turnover annually) that are found to have 'mischaracterised or undervalued' royalty payments, to which royalty withholding tax would otherwise apply.

While no details have been provided as to what 'mischaracterised' might mean, the measure appears to follow recent efforts by the ATO to extend the definition of royalty to a much wider set of circumstances:

- Particularly in the software sector, with the earlier release of its new draft Taxation Ruling, TR 2024/D1: *Income tax: royalties – character of payments in respect of software and intellectual property rights*.
- Following the [ATO's recent win in the Federal Court's decision in PepsiCo](#) (under appeal).

'Undervalued' royalties will presumably link in with Australia's existing transfer pricing regime requiring arm's length royalty arrangements with international related parties.

With the measure not to apply for over 12 months, the Government is allowing time for the development of the new rules and (hopefully) proper consultation with affected industries, especially in the software sector.

#### Strengthening the foreign resident CGT regime

The Government will strengthen the foreign resident CGT regime to ensure foreign residents pay tax in a broader range of circumstances. Currently, foreign residents are only required to pay tax on the divestment of assets in Australia that meet the criteria as Taxable Australian Property (TAP), including indirect interests in TAP.

The Government will amend the following areas of CGT as it applies to foreign residents to:

- Clarify and broaden the types of assets that foreign residents will be liable for CGT.

- Amend the point-in-time 'principal asset test' to a 365-day testing period for the purpose of determining whether the non-resident holds an indirect interest in taxable Australian real property.
- Require foreign residents disposing of shares and other membership interests exceeding \$20m in value to notify the ATO, prior to the transaction being executed.

While no details have yet been provided as to what 'clarify and broaden' means, the stated intention is to ensure that Australia "can tax foreign residents on direct and indirect sales of assets with a close economic connection to Australian land, more in line with the tax treatment that already applies to Australian residents."

Second, the new ATO notification process is intended to improve oversight and compliance with the foreign resident CGT withholding rules, where a vendor self-assesses that their sale does not involve taxable real property.

It is also stated that the reforms will "improve certainty for foreign investors by aligning Australia's tax law for foreign resident capital gains more closely with OECD standards and international best practice."

Efforts to 'clarify and broaden' the assets that are taxable to foreign residents could act as a disincentive for foreign investors investing in Australian assets, especially institutional investors looking to invest capital on behalf of foreign investors in Australian companies. An expansion of the rules will also likely create tension with respect to the application of Australian double tax treaties with its treaty partners.

The new reporting requirements will likely place an additional burden on vendors selling assets, particularly for indirect sales of Australian property and shares held indirectly through non-resident entities and may even defer the completion of M&A transactions.

#### General anti-avoidance rule changes

The Government will amend the start date of the 2023–24 Budget measure which aims to expand the general anti-avoidance provisions in Part IVA of the ITAA 1936, to apply to:

- Schemes which reduce tax paid in Australia by accessing lower withholding tax rates on income paid to foreign residents.
- Schemes that achieve an Australian income tax benefit, even where the dominant purpose was to reduce foreign income tax.

The new provisions will now apply to income years commencing after the amending legislation receives Royal Assent, irrespective of whether the scheme was entered into before the aforementioned date.

## Other minor announcements

Minor 'tinkering' announcements include the proposed discontinuance of the previously announced measure, *Denying deductions for payments relating to intangibles held in low – or no-tax jurisdictions* announced in the 2022–23 October Budget as the integrity issues will now be addressed through the Global Minimum Tax and Domestic Minimum Tax being implemented by the Government.

### Losers

Australian companies treated as paying royalties and foreign residents investing in Australian assets.



## Indirect Tax

**The ATO's mandatory notification period for Business Activity Statement (BAS) refund retention will be increased from 14 days to 30 days to align with time limits for non-BAS refunds.**

**Extend refunds of indirect tax under the Indirect Tax Concession Scheme (ITCS) for the Square Kilometre Array Observatory, Bangladesh, Costa Rica, El Salvador, the Taipei Economic and Cultural Office, the Netherlands and Pacific Trade Invest.**

The Government will extend the timeframe for the ATO to notify a taxpayer if it intends to retain a BAS refund for further investigation. The ATO's mandatory notification period for BAS refund retention will be increased from 14 days to 30 days to align with time limits for non-BAS refunds. Any legitimate refunds retained for over 14 days would result in the ATO paying interest to the taxpayer (as is currently the case). The ATO will publish BAS processing times online.

The Government will extend refunds of indirect tax (including GST, fuel and alcohol taxes) under the Indirect Tax Concession Scheme (ITCS):

- The Square Kilometre Array Observatory will have ITCS access upgraded for additional concessions to be claimed for the purchase of vehicles for personal use by Square Kilometre Array Observatory officials, or a member of their family.
- Additional concessions for commercial rent will also be formalised for existing ITCS packages for Bangladesh, Costa Rica, El Salvador and the Taipei Economic and Cultural Office.
- Construction and renovation concessions will be formalised for the existing ITCS package for the Netherlands.
- Concessions for both commercial rent and construction and renovation will be formalised for the existing ITCS package for Pacific Trade Invest.

The Government is no longer proceeding with the 2019–20 Budget measure, "Black Economy – Strengthening the Australian Business Number system", as integrity issues are being addressed through enhanced administrative processes implemented by the ATO. This 2019–20 Budget measure would have provided the Australian Business Registrar with the power to cancel a person's Australian Business Register for:

- Failing to lodge returns for two or more income years and those returns remain outstanding; or
- Failing to confirm the accuracy of their details held by the Registrar in a 12-month period together with confirmation that their ABN is still required.

The Government will permanently abolish 457 tariffs from 1 July 2024 on a wide range of imported goods including toothbrushes, hand tools, fridges, dishwashers, clothing and menstrual and sanitary products. These tariffs are already largely eligible for existing tariff preferences or concessions and their abolition is to streamline compliance costs.

The Government will make the following minor amendments to the start date of certain components of the 2022–23 March Budget measure “Streamlining excise administration for fuel and alcohol package”:

- Components that streamline licence application and renewal requirements will now commence on the later of 1 July 2024 (current start date) or the day following Royal Assent.
- The removal of regulatory barriers applying to bunker fuels for commercial shipping industries will apply from 1 January 2025, instead of 1 July 2024.

## Winners

The inhabitants of the Square Kilometre Array Observatory buying vehicles for their family members.

## Losers

- The extension of the ATO’s ability to hold BAS refunds from 14 days to 30 days will put a strain on many honest taxpayers’ cashflow.
- Many honest taxpayers who may now have their BAS refunds delayed by up to 30 days, rather than the current 14 days, which could materially affect their cashflow.

## Employment taxes

### Wage compliance considerations (including superannuation) were addressed but not in detail.

Wage compliance considerations (including superannuation) were addressed but not in detail:

- \$27.5m over four years from 2024–25 (and \$7m per year ongoing) to enable the Office of the Fair Work Ombudsman to continue targeting non-compliance with the “Fair Work Act 2009” by large corporate employers.
- \$20.5m over four years from 2024–25 (and \$5.1m per year ongoing) to boost funding for the Office of the Fair Work Ombudsman to support small business employers to comply with recent changes to workplace laws.
- The Government will provide \$1.1bn over five years from 2023–2024 (and \$0.6bn per year ongoing) to strengthen Australia’s government-funded Paid Parental Leave (PPL) scheme.
- Strengthening tax compliance. The Government will provide \$187m over four years from 1 July 2024 to the ATO to strengthen its ability to detect, prevent, and mitigate fraud against the tax and superannuation systems.
- \$60m towards the productivity, education and training fund to support practical activities by employer and worker representatives to boost workplace productivity and engage in tripartite cooperation. This will also support workplaces to implement policy changes such as the introduction of payday superannuation.
- Recalibration of the Fair Entitlements Guarantee Recovery Program to pursue unpaid superannuation entitlements owed by employers in liquidation or bankruptcy.

Superannuation on Government-supported paid parental leave is a positive step in supporting Australian parents. However, we would have liked to see greater incentives to support skilled workers migrating to Australia, including additional FBT concessions and exemptions, and a reduction of compliance around short term business stays (eg superannuation exemptions).

The move to payday superannuation will create increased risk for employers and put pressure on existing processes and systems to comply. Whilst there is time between now and the slated implementation date of 1 July 2026, employers should ensure they are investing in appropriate education, processes, and system capabilities well in advance. The Budget’s allocation of only \$60m towards a variety of employer assistance measures, including payday superannuation is unlikely to provide significant support to employers.



## Winners

Employees who are planning to have children.

## Losers

Employers who require skilled migrants to fill the labour gaps.

## Grants

**The 2024–25 Federal Budget is unmistakably green, with major grant funding initiatives targeted to support the shift to low-emissions energy production.**

### Grants programs

The 2024–25 Federal Budget heralds funding programs to incentivise the shift to low-emissions energy production.

### Regional Australia

Under its Remote Jobs and Economic Development Program, the Federal Government will establish a \$188.7m Community Jobs and Business Fund. The purpose of the Fund is to support community development and the creation of employment opportunities through funding capital, equipment and capacity-building services.

The Remote Airstrip Upgrade and Regional Airports Programs received a boost of \$101.9m over five years, enabling a further two rounds under each program.

Previously announced funding under the Future Drought Fund has now been specifically allocated to agricultural sector initiatives such as:

- The continuation of the Drought Resilience Adoption and Innovation Hubs (\$132m over eight years).
- The \$60.3m Long Term Trials Program to test drought and climate resilience farming practices.
- The \$37m Scaling Success Program for previously funded Future Drought Fund projects that demonstrated strong outcomes.
- The \$36m Future Drought Fund Communities Program to support social resilience.
- The \$20m Innovation Challenges Pilot to accelerate research and innovation in response to drought-related challenges.

## Medicine

The Government has committed \$1.4bn to the Medical Research Future Fund (MRFF) in addition to the existing \$5bn commitment over the next 13 years, continuing the Fund's investment into medical research in Australia.

## Defence

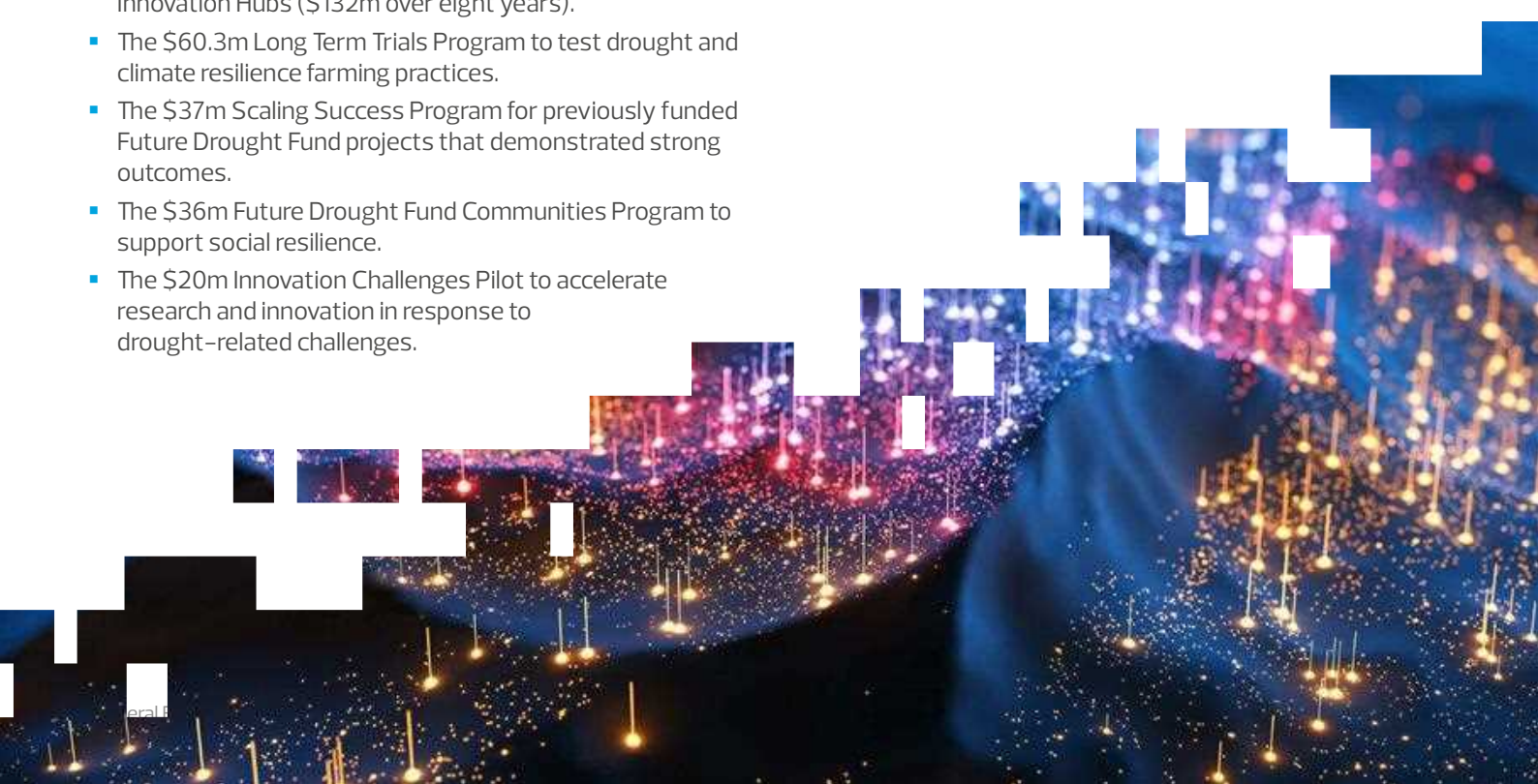
Following the release of the [Defence Industry Development Strategy](#) earlier in the year, the Federal Budget confirms the establishment of the Defence Industry Development Grant program. The \$165.7m program replaces several prior defence sector grants for small to medium enterprises (such as the Sovereign Industrial Capability Priority Grants, the Defence Global Competitiveness grants and the Skilling Australia's Defence Industry program) and is similarly designed to support Australian businesses to respond to Defence's capability requirements.

## Casualties

Previous grant programs that have been dropped under the Budget include the Regional and Remote Airports Security Grant (terminated) and the Powering The Regions Fund (from which a moderate allocation of \$57.7m has been redirected to carbon abatement reforms).

## Winners

Green energy supply chain companies, such as producers of hydrogen, battery technologies, green metals and critical battery minerals.



# SMEs

## Small business is again a winner with incentives and administrative concessions.

### \$325 electricity bill deduction

Approximately one million eligible SMEs will receive a \$325 rebate against their electricity bills during the 2024–25 financial year, applied as a quarterly reduction during the financial year.

### Instant asset write-off

Key points are as follows:

- Temporary increase to the instant asset write-off threshold to \$20,000.
- Applies to SMEs with aggregated annual turnover of less than \$10m.
- Eligible assets must be first used, or installed ready for use, between 1 July 2024 and 30 June 2025.
- Applies on a per asset basis.
- Assets valued at \$20,000 or more (which cannot be immediately deducted) may continue to be placed into the small business simplified depreciation pool and depreciated subject to the small business capital allowance rules.
- Provisions which prevent SMEs that have opted out of simplified depreciation measures from using the instant asset write-off continue to be suspended to 30 June 2025.

The instant asset-write off rules allow for the immediate deduction for the cost of depreciating assets for SMEs. Usually, the rules allow SMEs with turnover up to \$10m to immediately write off assets costing up to \$1,000.

In a measure currently stalled in Parliament, for the year ending 30 June 2024, it is proposed that SMEs with turnover up to \$50m will be eligible to write off assets costing up to \$30,000. The lack of enacted legislation supporting current year claims for small business is creating ongoing uncertainty.

This year's Budget ignores the changes currently before the Senate and proposes that eligible SMEs with turnover up to \$10m will be able to write off assets up to \$20,000 for the 2024–25 financial year.

### Tariff abolishment

From 1 July 2024, 457 'nuisance tariffs' are due to be permanently set to zero, cutting red tape and administration burdens for importing SMEs in the largest tariff reform announcement in two decades. This is expected to impact a wide range of imported goods including toothbrushes, hand tools, appliances, clothing and sanitary products.

### Supporting Australian small business

A number of measures have been announced to provide targeted support to SMEs, including:

- \$41.7m across several initiatives to support SMEs improve their cyber security preparedness, including access to free training, cyber incident support services and a cyber security self-assessment tool.
- \$10.8m is being invested to allow SME owners to access mental health support under the New Access for Small Business Owners program and financial counselling services through an extension of the Small Business Debt Helpline.
- A focus on supporting First Nations SMEs through increased capital leveraging opportunities and First Nations business procurements.
- Significant investment in measures to reduce red tape and increase the opportunities for SMEs to tender for Government contracts.

### Pay day superannuation

Pay day superannuation remains on the horizon with a proposed 1 July 2026 start date. Under the proposed changes, employers will be required to attend to Superannuation Guarantee obligations on the same day as salary and wage payments are made.





## Case study: GymGear Pty Ltd

**GymGear Pty Ltd is an SME with an aggregated turnover of less than \$10m.**

In September 2024, GymGear Pty Ltd decides to invest in the following:

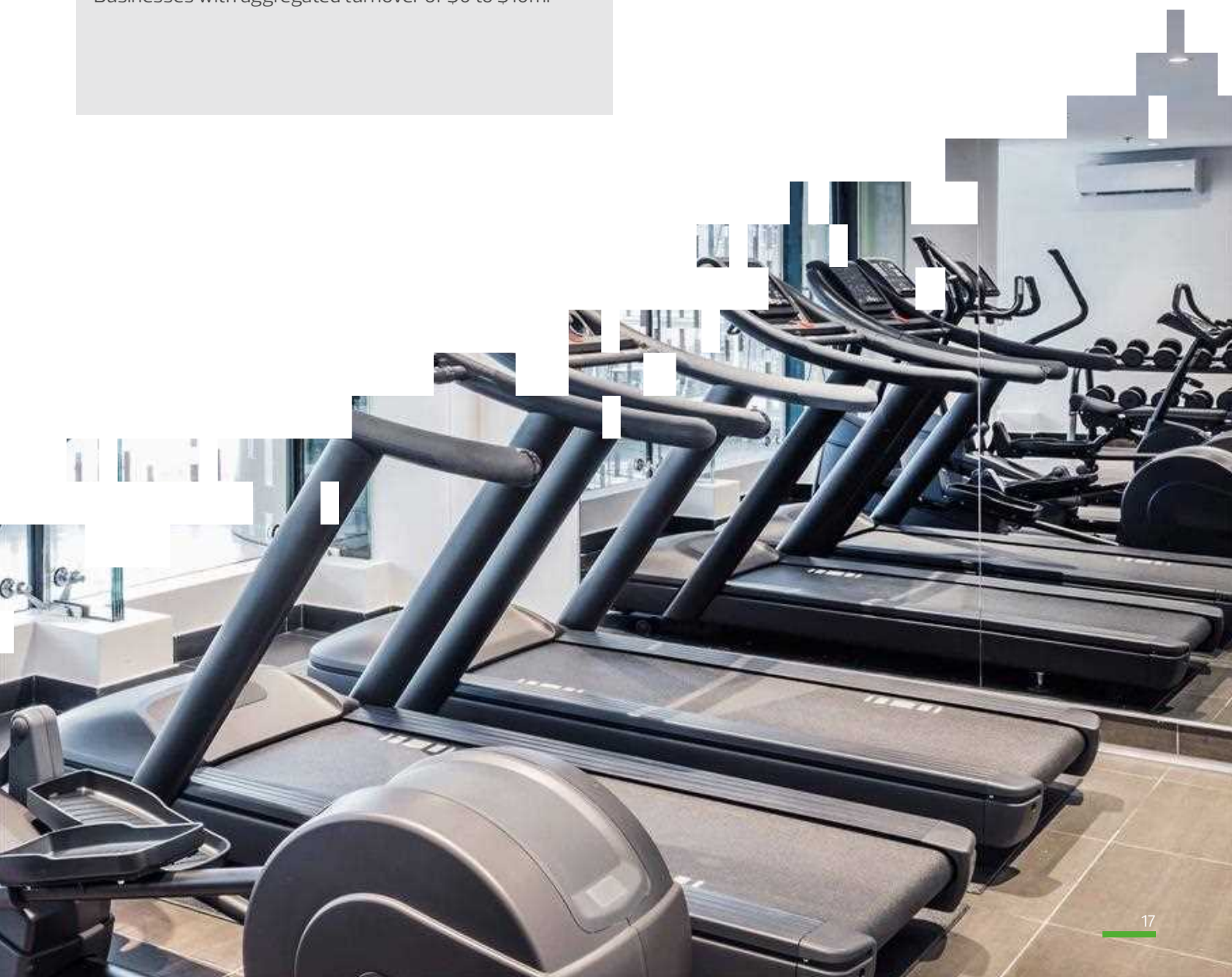
- Kitchen Equipment - \$12,500
- Solar Panels - \$16,000
- Tesla Model 3 - \$68,000

When GymGear Pty Ltd completes its income tax return for the 2024–25 financial year, it can claim the following deductions based on the measures announced in the Budget:

- Outright deduction – Kitchen Equipment –\$12,500.
- Outright deduction – Solar Panels –\$16,000.
- Tesla – Subject to the car limit and the pooling rules under small business capital allowance rules (depending on the business use of the car).

### Winners

Businesses with aggregated turnover of \$0 to \$10m.



# Individuals

Help with cost of living through 'revised' Stage 3 tax cuts and increased Medicare levy thresholds.

- Freeze of the cost of PBS medicines for two years and scripts for concession card holders at \$7.70 for five years
- HELP relief – cap indexation of HELP loans to the lower of either Consumer Price Index (CPI) or Wage Price Index backdated to 30 June 2023.
- \$1.9bn rent assistance improving rent assistance payments by 10% on top of the 15% increase last year, “first back-to-back increase in 30 years”.
- Energy rebate of \$300 for families
- Additional bulk billing of afterhours clinics
- \$2.2bn in additional aged care funding including 24,000 additional home care packages.
  - Freeze social security deeming rates may benefit 450,000 age pensioners

## Tax relief through revised tax brackets and Medicare Levy threshold increases

The Budget tackles bracket creep particularly for low- and middle-income families. Individuals earning \$146,000 taxable income or less will receive a larger tax cut as compared to the previously legislated Stage 3 cuts, whilst higher income earners will be worse off under the revised cuts.

Revised Stage 3 tax cut changes announced on 25 January 2024, relative to 2023–24 tax settings. The revised Stage 3 tax cuts take effect from 1 July 2024.

Pre stage 3	Stage 3	Revised stage 3
Tax free threshold \$18,200	Tax free threshold \$18,200	Tax free threshold \$18,200
\$18,200 – \$45,000 at 19%	\$18,200 – \$45,000 at 19%	\$18,200 – \$45,000 at 16%
\$45,000 – \$120,000 at 32.5%	\$45,000 – \$200,000 at 30%	\$45,000 – \$135,000 at 30%
\$120,000 – \$180,000 at 37%	–	\$135,000 – \$190,000 at 37%
\$180,000+ at 45%	\$200,000+ at 45%	\$190,000+ at 45%

The 19% tax rate reduces to 16%, 32.5% tax rate to 30%, and the Government has raised the threshold at which the 37% tax rate applies from \$120,000 to \$135,000 and the threshold at which the highest rate of 45% applies from \$180,000 to \$190,000.

Medicare levy low-income threshold increases for singles, families, seniors and pensioners to offset inflation. The threshold has increased to \$26,000 for individuals and \$43,846 for families. For single seniors and pensioners, the threshold has been increased to \$41,089 while the family threshold for seniors and pensions will increase to \$57,198. The family income thresholds will now increase by \$4,027 for each dependent child, up from \$3,760.

These changes are a welcome benefit for most working families, particularly those struggling with high mortgage

rates. Those in a strong position may seek to invest the tax savings in superannuation, shares or a property investment strategy.

## Subsidies

Energy relief worth \$300 per household applied to electricity bills is projected to equate to a 17% saving per bill. PBS medicines will freeze at \$31.60 per medicine for two years, and for concession card holders and pensioners a freeze will apply for five years at \$7.70 per medicine.

## Eligible renters

The maximum Commonwealth Rent Assistance payment will increase by 10% from September this year (an increase of between \$12.50 to \$18.80 per fortnight depending on rental circumstance), assisting one million renters with the increased payment, helping at the margin those impacted by the housing shortage.

## Students

Those with HELP debts, VET student loans, Australian Apprenticeship Support Loans and other student loans will have debts reduced as the Government uses the lower of either CPI or the Wage Price Index. Loans will grow at the lower wage index rate of 3.2% rather than a 7.1% inflation rate, and the measure will be backdated to July 2023. The expected interest reduction on a \$25,000 debt will be \$1,120. This will indirectly ease the pressure on young people who may aspire to save for a first home.

## Age pensioners

Age Pensioners will potentially benefit from the well-telegraphed tax cuts, Medicare levy threshold increases, the freezing of the cost of medicines, but also a freeze on the deeming rates, meaning that the actual interest earned on cash deposits is less impacted by means testing.

## Aged care

An additional Home Care Package will reduce pressure on the aged care system, albeit at the margin, with \$610m given to the states to assist long stay older patients to be discharged from hospital sooner. An additional \$190m of funding will be provided to extend and redesign the Transition Care Programme to provide short-term care of up to 12 weeks for older people after a hospital stay.

### Winners

Struggling low- and middle-income households impacted by years of bracket creep. Renters receiving rental assistance, those with student debt, and age pensioners.

### Losers

High income earners. Fully self-funded retirees. Aspiring immigrants. Not much in the Budget for aspiring homeowners, the assistance is marginal.

## Case study

A middle-income family with two children, student loans of \$25,000 and a \$500,000 mortgage, with family members taking regular medication, may see the cost of medicines approximately \$150 lower, an energy bill \$300 lower, and \$1,100 less student debt as a result of the 2023/24 budget. The income tax cuts may see further household savings, assuming one adult earns \$100,000 and a second \$50,000, the tax cuts are worth an estimated \$929 and \$2,179 respectively, totalling \$3,108. This is welcome assistance. In total these savings are almost equivalent to three interest rate cuts! If inflation does moderate in the coming months, there is a chance these savings are spent later in the year rather than prudently used to reduce debt or to invest, thereby reigniting inflationary pressures and presenting a headache for the RBA. For those Australians earning less than \$140,000 per annum, a plan to improve their financial position, by taking advantage of the tax cuts is a real opportunity.

## Superannuation

**The Government has committed to paying the superannuation guarantee on Commonwealth government-funded Paid Parental Leave for births and adoptions after 1 July 2025.**

In a positive move towards alleviating the superannuation gender gap, the Government will ensure that the superannuation guarantee of 12% will be paid as a contribution to superannuation funds for parents accessing Government-funded Paid Parental Leave.

The proposal comes as no surprise, given the conversation concerning this measure in conjunction with the much less popular Division 296 proposal on superannuation balances over \$3m. The Greens made it clear that this change was required to receive support for the Division 296 measure, and the Government did not disappoint.

The progress in reducing the gender gap has been disappointingly slow, with women's average balance amounting to only 71% of men's. This represents a marginal closure of just over 6% over the past decade. Effective from 1 July 2025, this measure marks a crucial initial step in addressing the significant career and superannuation discrepancies experienced by parents.

### Winners

- Women, parents and families

## Case study

In August 2026, Lisa gives birth to her first child. To fully embrace this special time, she has decided to take six months off from work and is fortunate to qualify for the Commonwealth government-funded Paid Parental Leave. During this period, the Government will make 12% superannuation guarantee contributions to Lisa's superannuation fund. This support will help Lisa minimise any potential loss in her superannuation savings that she might have faced in 2024.

## Visas

The Government announced several changes relating to immigration visas:

- As part of the Australia-India Migration and Mobility Partnership Arrangement (MMOA) 3,000 visas will be issued from 1 November 2024 under the "Mobility Arrangements for Talented Early-professionals Schemes" (MATES). In addition, Business Visitor visas for Indian nationals will be extended from three years to five years,
- A pre-application process for Work and Holiday Visas will be introduced for people from China, Vietnam, and India.
- The Permanent Migration Program will allocate 70% of 185,000 places to the Skilled worker stream.

The focus for immigration is clearly aimed at skilled workers, to assist in growing the economy.

## Working for women

### Strategy for gender equity

The Government has prepared a detailed document, Women's Budget Statement, to address Gender-based violence and economic equality and security for women. It highlights the level of concern raised by the Australian community and the need to take corrective action to change behaviours and attitudes. However, it provides little financial support in the work environment.

- The Government will provide financial assistance for students for the duration of a placement, which form part of their higher education studies in nursing, midwifery, teaching and social work.
- The Government is paying employer superannuation, on Government-funded Paid Parental leave.
- Launching the Building Women's Careers program, to boost female participation in construction, clean energy and advanced manufacturing industries, and technology and digital sectors.

## Progress of previously announced Federal Budget measures

Measure	Summary	Proposed date of effect	Status
<b>Business</b>			
Payday Superannuation Guarantee (SG)	Employers will be required to pay their employees SG entitlements on the same day that they pay salary and wages.	1 July 2026	Announced / Consultation In Progress
Small Business \$20,000 Instant asset write-off	Increases the instant asset write off threshold for small businesses (with an aggregated turnover of less than \$10m) from \$1,000 to \$20,000 for eligible depreciating assets first used or installed ready for use between 1 July 2023 and 30 June 2024.  This measure is currently before the Senate, which has proposed amendments to increase the aggregated turnover threshold to small and medium businesses (with an aggregated turnover of less than \$50m), and increase the asset write off threshold to \$30,000.	1 July 2023 to 30 June 2024	Announced / Before Senate
Small Business Energy Incentive	Provides small and medium businesses (with an aggregated turnover of less than \$50m) with access to a bonus deduction equal to 20% of the cost of eligible assets or improvements to existing assets that support electrification or more efficient energy usage, from 1 July 2023 to 30 June 2024.	1 July 2023 to 30 June 2024	Announced / Before Senate
Increased deduction for small businesses external training expenditure	Small business entities (with an aggregated turnover of 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.	7:30pm AEDT, 29 March 2022 to 30 June 2024	Enacted
Franked distributions funded by capital raisings	Date from which the measure applies changed from 19 December 2016 to 15 September 2022.	15 September 2022	Enacted
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	Enacted
Primary producers selling Australian Carbon Credit Units (ACCU)	Primary producers will treat revenue from the sale of 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.	1 July 2022	Enacted
Primary producers selling biodiversity certificates	The tax treatment of biodiversity certificates will be aligned with the new tax regime for ACCUs. The start date of this measure has been deferred from 1 July 2022 to 1 July 2024.	1 July 2024	Announced / Not Yet Actioned
Denying deductions for ATO interest charges	Deductions will be denied for ATO General Interest Charges (GIC) and Shortfall Interest Charges (SIC). Any GIC or SIC that is later remitted will no longer need to be included as assessable income.	1 July 2025	Announced / Not Yet Actioned
<b>International</b>			
Pillar Two – Implementation of Global Minimum Tax (GMT) and Domestic Minimum Tax (DMT)	Implements the following Pillar 2 measures: <ul style="list-style-type: none"> <li>A 15% GMT for large multinational enterprises with the Income Inclusion Rule to apply to income years commencing on or after 1 January 2024, and the Undertaxed Profits Rule to apply to income years commencing on or after 1 January 2025.</li> <li>A 15% DMT applying to income years commencing on or after 1 January 2024.</li> </ul>	1 January 2024	Announced / Exposure Draft Legislation Released
Thin capitalisation: new earnings-based tests for limiting debt deductions	The safe harbour and worldwide gearing tests have been replaced with earnings-based tests so that debt deductions are limited in line with profitability.  Additionally, the arm's length debt test has been replaced by an 'external thirdparty debt test' which allows interest expenses to be deducted to the extent that they are attributable to 'genuine third-party debt' used to fund Australian business operations.	1 July 2023	Enacted
Significant Global Entities (SGEs) – denial of deductions (intangibles)	Anti-avoidance rule to prevent SGEs from claiming tax deductions made to related parties (directly or indirectly) in relation to intangibles connected with 'low corporate tax jurisdictions'.	1 July 2023	Announced / Exposure Draft Legislation Released
Public Country-by-Country (CbC) Reporting	Transparency measure for certain large multinational enterprises (CBC reporting parents) to prepare for public release of certain tax information on a country-by-country basis and a statement on their approach to taxation.	1 July 2024	Announced / Exposure Draft Legislation Released

Disclosure of subsidiary information	Transparency measure for Australian public companies (listed and unlisted) to disclose information on the number of subsidiaries and their countries of tax residency.	1 July 2023	Enacted
Increase in integrity of Foreign Resident Capital Gains Withholding (FRCGW) regime	Increases the FRCGW rate from 12.5% to 15% and reduces the withholding threshold from \$750,000 to \$nil.	1 January 2025	Announced / Not Yet Actioned
<b>Individuals</b>			
Amendments to Stage 3 Tax Cuts	Modified the original stage 3 tax cut measures announced in the 2018–19 Federal Budget for the following amendments: <ul style="list-style-type: none"> <li>Reducing the 19% tax rate to 16% for taxable incomes between \$18,201 and \$45,000</li> <li>Reducing the threshold to which the 30% tax rate applies from \$200,000 to \$135,000</li> <li>Adding back the 37% tax rate for taxable incomes between \$135,001 and \$190,000</li> <li>Reducing the threshold to which the 45% tax rate applies from \$200,001 to \$190,001.</li> </ul>	1 July 2024	Enacted
<b>Tax Integrity</b>			
Expanding general anti-avoidance rules in income tax law	General anti-avoidance rules to be expanded to include schemes that: <ul style="list-style-type: none"> <li>reduce tax paid in Australia by accessing a lower withholding tax rate on income paid to foreign residents;</li> <li>achieve an Australian income tax benefit, even where the dominant purpose was to reduce foreign income tax.</li> </ul>	1 July 2024	Announced/Not Yet Actioned
Commonwealth penalty unit increase	Increase the amount of the Commonwealth penalty unit by 5.4% from \$313 to \$330.	4 weeks after Royal Assent	Announced / Not Yet Actioned
Non-deductibility of general interest charge (GIC) and shortfall interest charge (SIC)	Amendments to income tax legislation to deny the deductibility of GIC and SIC.	1 July 2025	Announced / Not Yet Actioned
<b>Superannuation</b>			
Reduction in superannuation concessions	To bring the headline tax rate to 30%, up from 15%, for earnings corresponding to the proportion of an individual's total superannuation balance that exceeds \$3million.	1 July 2025	Announced / Before House of Representatives
<b>Other</b>			
Mining, quarrying or prospecting rights (MQPR)	Amendments to income tax legislation to clarify that MQPR cannot be depreciating until they are used (cf. merely 'held') and the circumstances in which the issue of new rights over areas covered by existing rights leads to income tax adjustments.	MQPR acquired or first used after 7:30pm AEST, 9 May 2023	Announced / Before House of Representatives
Petroleum Resource Rent Tax (PRRT) anti-avoidance rules	Amendments to PRRT anti-avoidance rules to align with income tax anti-avoidance rules.	1 July 2023	Announced / Before House of Representatives
PRRT – Review of Gas Transfer Pricing arrangements	Introduces a 90% cap on the use of deductions to offset assessable PRRT income of liquified natural gas (LNG) producers under the PRRT.  Exposure draft legislation has been issued for consultation in connection with proposed amendments to the Petroleum Resource Rent Tax Assessment Regulations 2015.	1 July 2023 (1 July 2024 for the PRRT instalment regime)	Announced / Before Senate
Build to Rent (BTR) Tax Concessions – increase in rate of capital works deduction	Increase in the rate of capital works deduction from 2.5% to 4% per annum for eligible new BTR projects commenced after 7:30pm on 9 May 2023.	7:30pm AEDT, 9 May 2023	Announced / Exposure Draft Legislation Released
BTR Tax Concessions – reduction in withholding tax	Reduction in withholding tax rate on eligible fund payments from Managed Investment Trust (MIT) investments from 30% to 15%.	7:30pm AEDT, 9 May 2023	Announced / Exposure Draft Legislation Released
Digital currency not a foreign currency	Digital currencies (such as Bitcoin) will not be foreign currencies for Australian income tax purposes even if they are adopted as legal tender by a foreign jurisdiction.	1 July 2021	Announced / Exposure Draft Legislation Released

## Federal Budget 2024–25

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