

May 2023 Federal Budget

- What It Means for You

The 2023 Federal Budget was announced on Tuesday 9 May 2023, with a focus on cost-of-living relief and modernising our economy.

There were only a few tax and superannuation changes announced, which is good news. However, no mention was made of the previously announced Stage 3 Income Tax cuts that are planned to begin on 1 July 2024, and this has made many people wonder if the Government may cancel them next year.

There was one very important thing **not** mentioned in the 2023 Budget that may affect you:

- The **Low and Middle Income Tax Offset** was not extended by the Government. This means individuals who received up to \$1,500 in extra tax refunds last year will not receive them again in 2023.

Here is a brief summary of the Budget updates relevant to the majority of our clients:

Individuals

- **Increasing JobSeeker:** Income support payment base rates will be increased by \$40 per fortnight from 20 September 2023.
- **Expanded Eligibility for JobSeeker:** The minimum age for which older people qualify for the higher JobSeeker payment rate will be reduced from 60 to 55 years.
- **Energy Price Relief:** The \$1.5 Billion Energy Bill Relief Fund will deliver \$500 rebates to 5 million low income households.
- **Single Parent Payment Increase:** An estimated 57,000 single parents will also be able to claim the Single Parent welfare payment benefit from September 2023, with the Government lifting the eligibility age for the youngest child in a family from 8 to 14 years.
- **PAYG Instalment Uplift:** If you pay PAYG instalments towards next year's tax, the Government bases these payments on last year's tax increased by GDP "uplift". The Government was happy to announce this GDP uplift for 2024 is only 6% and not the legislated 12%. You may need to plan for higher PAYG instalment payments in 2024.

Superannuation

- **Increased Tax on Super Earnings:** The Budget confirmed the Government's intention to apply an additional 15% tax on total superannuation balances above \$3 million from 1 July 2025. If your super member balance is less than \$3 million, then this won't affect you. If it is more than \$3 million from 1 July 2025, then your super will be taxed 30% on its earnings, up from the current rate of 15%.

NEXT STEPS

To get the maximum benefits from the new measures announced in the 2023 Federal Budget, please contact us immediately to book in your 2023 Tax Planning meeting with us.

We look forward to assisting you!