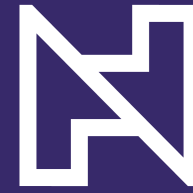




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**MC Andrew Gray**  
**Partner**  
**Newton & Henry**



# Bridget Archer MP Federal Member for Bass

Budget Breakfast 2020





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BREAKFAST 2020**

**Michael Hine**  
**Partner**  
**Newton & Henry**



# Economic overview





# Economic assumptions and outlook

- **Headline budget deficit - \$213,700,000,000 (11% of GDP)**
- **Peak Government debt - \$1,138,000,000,000 (51.6% of GDP)**
- **Peak unemployment - 8% (December 2020) - down to 6.5% by June 2022**
- **Wages growth - below average at 1.25% 2020-21 and 1.5% 2021-22**
- **Real GDP - Negative 3.75% for CY 2020 (but positive 4.25% 2020-21)**
- **CPI - 1.75% 2020-21 (RBA target band 2-3%)**
- **Non-mining business investment - Negative 14.5% 2020-21**



Job creation

# Hiring Credit

**Applies to new jobs created from 7 October 2020 until 6 October 2021 and will attract the JobMaker hiring credit for up to 12 months from the date the new position is created**

- \$200 per week for eligible 16-29 year olds
- \$100 per week for eligible 30-35 year olds

## Requirements

- The business' total employee headcount must increase by a minimum of 1 from the reference date of 30 September 2020
- The payroll of the business for the 3 monthly reporting period has to increase as compared to the 3 months to 30 September 2020

## Eligible Employees

- Have received Jobseeker Payment, Youth Allowance (Other) or Parenting Payment in at least 1 of the previous 3 months at the time of hiring
- Have worked at least 20 paid hours per week on average for the full weeks they were employed over the reporting period

## Additional eligibility requirements apply, including:

- Are not claiming the JobKeeper payment
- Are reporting through STP (single touch payroll)



# New Apprenticeships

- The government will provide an additional \$1.2 billion over 4 years through the Boosting Apprenticeship Commencements Wage Subsidy to boost the number of new apprenticeships and traineeships.
- 50 per cent wage subsidy for commencing apprentices and trainees at business up to a cap of \$7,000 per quarter, from 5 October 2020 until 30 September 2021.
- There are further measures within the overall JobMaker Plan in respect to supporting job seekers, additional university places, short courses and a skills reform package.

# JobTrainer

- The JobTrainer is a \$1 billion fund designed to support job seekers, school leavers and young people remain engaged and acquire skills to get a job. It will support up to 340,770 additional free or low-fee training places in areas of genuine skills needs.
- Training places delivered through the JobTrainer Fund will be a mix of national accredited qualifications and short courses, including part qualifications and skillsets. Further details to come.



# Personal Tax Rates

- Government is bringing forward Stage two of its Personal Income Tax Plan
- The 19 per cent tax threshold will rise from \$37,000 to \$45,000 and the 32.5 per cent threshold will rise from \$90,000 to \$120,000.
- The low income tax offset will also increase from \$445 to \$700.

2019-20	2021FY – 2024FY	2024-25
0 – 18,200 Tax Free	0 – 18,200 Tax Free	0 – 18,200 Tax Free
18,201 – 37,000 19%	18,201 – 45,000 19%	18,201 – 45,000 19%
37,001 – 90,000 32.5%	45,001 – 120,000 32.5%	45,001 – 200,000 30%
90,001 – 180,000 37%	120,001 -180,000 37%	
180,001 < 45%	180,001 < 45%	200,001 < 45%



# Tax Impact for Individuals

Taxable Income	Tax Paid	Tax Relief
\$40,000	\$3,887	\$1,060
\$85,000	\$18,712	\$2,160
\$140,000	\$39,667	\$2,565
\$250,000	\$88,167	\$2,565

\*Based on an estimation and may vary depending on individual circumstances





# Business tax cuts

# Tax Loss Carry Back

## Who does it apply to?

- Only available to Companies (and turnover of less than \$5 Billion)
- If you have a tax loss in either 2019-20, 2020-21 or 2021-22 financial years; and
- You paid company tax in the 2018-19 or later financial years
- You elect for it to apply

## How does it apply?

- You apply the tax loss in the later year to a taxable income in an earlier year and receive a cash tax refund
- Available tax refund is limited to the tax paid in the 2018-19 or later financial years
- Tax refund available when lodging 20-21 and 21-22 tax returns
- The tax refund cannot create a franking account deficit. If the company has paid franked dividends from the profitable earlier years then the full tax refund may not be received





# Instant Asset Write Off

- Businesses with aggregated turnovers < \$5 billion can write off the full cost of eligible assets purchased and installed ready for use from 6 October 2020 until 30 June 2022
- Eligible assets are new depreciable assets that meet the existing simplified depreciation conditions
- Costs of improving existing depreciable assets are also immediately deductible
- Businesses with aggregated turnovers < \$50 million can also apply the above provisions to second hand assets
- Businesses with aggregated turnovers between \$50 million and \$5 billion can immediately write off the cost of second hand assets costing < \$150,000 that are purchased and used or installed ready for use before 30 June 2021
- Businesses with aggregated turnover < \$10 million can write off the balance of their small business pool at the end of the income year in which the full expensing provisions apply

# Instant Asset Write Off

Example purchase of a NEW John Deere 7230r Tractor for \$200,000



Aggregated Turnover	<\$10 Million	\$10 - \$50 Million	\$50 Million – \$5 Billion
12 January 2020	<ul style="list-style-type: none"> <li>• Added to the SBE Pool</li> <li>• 15% Yr1</li> <li>• 30% Yr2 onwards</li> </ul>	<ul style="list-style-type: none"> <li>• Standard depreciation under Div- 40</li> </ul>	<ul style="list-style-type: none"> <li>• Standard depreciation under Div- 40</li> </ul>
6 April 2020	<ul style="list-style-type: none"> <li>• Added to the SBE Pool</li> <li>• 57.5% Yr1</li> <li>• 30% Yr2 onwards</li> </ul>	<ul style="list-style-type: none"> <li>• Standard depreciation under Div- 40</li> </ul>	<ul style="list-style-type: none"> <li>• Standard depreciation under Div- 40</li> </ul>
17 July 2020	<ul style="list-style-type: none"> <li>• Added to the SBE Pool</li> <li>• 57.5% Yr1</li> <li>• 30% Yr2 onwards</li> </ul>	<ul style="list-style-type: none"> <li>• \$100,000 plus standard depreciation under Div-40 Yr 1</li> <li>• Standard depreciation under Div-40 Yr2 onwards</li> </ul>	<ul style="list-style-type: none"> <li>• Standard depreciation under Div- 40</li> </ul>
7 October 2020	<ul style="list-style-type: none"> <li>• 100% Write Off</li> </ul>	<ul style="list-style-type: none"> <li>• 100% Write Off</li> </ul>	<ul style="list-style-type: none"> <li>• 100% Write Off</li> </ul>

# Increase the small business entity turnover threshold

Small business entity turnover\* threshold to increase from \$10 million to \$50 million

Key Dates	Tax Concessions
1 July 2020	<ul style="list-style-type: none"><li>• Deductions to certain start-up expenses</li><li>• Deductions to certain prepaid expenditure</li></ul>
1 April 2021	<ul style="list-style-type: none"><li>• Exempt from fringe benefit tax on certain car parking and work-related portable electronic devices (phones, laptops) provided to employees</li></ul>
1 July 2021	<ul style="list-style-type: none"><li>• Simplified trading stock rules</li><li>• Remission of PAYG Instalments based on GDP adjusted notional tax</li><li>• Settle excise duty and excise-equivalent customs duty monthly</li><li>• Two -year amendment period will apply to income tax assessments from 1 July 2021</li><li>• The Commissioner of Taxation will have the power to create a simplified accounting method determination for GST purposes</li></ul>



# Superannuation Reforms

## Your superannuation will follow you

- New superannuation accounts will no longer be automatically created when you move jobs
- Employers will need to obtain information about their employees existing super fund via the ATO's online services

## Monitoring the performance

- All superannuation funds will be required to meet an annual performance test under the guidance of the prudential regulator
- Those that fail two consecutive tests will not be able to accept new members, and can only re-open when their performance improves
- This measure is designed to encourage funds to reduce fees
- The performance test initially applies to *MySuper* funds, and will be extended to other superannuation products by July 2022

## Increasing transparency

- Super trustees will have new requirements to act in the best interests of members, with a requirement to disclose their actions before annual meetings
- This will come into effect from 1 July 2021

## Empowering Members

- The government will create an online tool called *YourSuper* to allow people to compare superannuation predicts in respect to fees and performance
- The website will show your current super accounts and prompt you to consider consolidating them



# Tasmanian and Industry Perspective

# A Tasmanian Context

	2020-21		2021-22	
	Current	Last Year(1)	Current	Last Year
<b>Total GST collections</b>	<b>59,000</b>	<b>70,100</b>	<b>66,000</b>	<b>74,100</b>
<b>Tasmania's share</b>				
GST allocation	2,401	2,688	2,650	2,800
Specific grants	1,578	1,360	1,615	1,430
	<b>3,979</b>	<b>4,048</b>	<b>4,265</b>	<b>4,230</b>

Last year adjusted from budget projection for subsequent change in relativities



# Transport Infrastructure Spending

## National - \$7.5 billion

NSW - \$2.7 billion

ACT - \$155 million

QLD - \$1.3 billion

SA - \$625.2 million

WA - \$1.1 billion

VIC - \$1.1 billion

NT - \$189.5 million

## Tasmanian - \$359.6 million

\$150 million Hobart to Sorrell Corridor (late 2021)

\$72 million Tasman Roads Package  
Bass Highway - Deloraine to Devonport (late 2023)  
West Tamar Highway - Exeter to Launceston (late 2023)  
Bridport Road Efficiency & Safety Upgrades (late 2023)

\$65 million Tasman Bridge Upgrade (late 2021)

\$52 million Midland Highway Upgrade (late 2020)

\$12 million Freight Bridge Upgrades (late 2020)

# Tourism

## Building Better Regions Fund

\$207.7 million over five years, supporting –

Investment in community infrastructure

Capacity building projects

\$100 million for tourism-related infrastructure

## Regional Tourism Recovery

\$51 million over two years

Assist regions heavily reliant on international tourism including Tasmania

Support to expand their market and diversify until the market recovers

# Ageing and aged care

The Government is set to provide \$2.0 billion over four years from 2020-21 for Australians accessing aged care, including the following:

- \$1.6 billion over next four years for an additional 23,000 home care packages
- \$125.3 million over next three years to assist Australians with a disability who were not eligible for the NDIS
- Balance spent on training, and improving transparency, systems and regulatory standards.

**Total number of Home Care Packages to increase to approximately 180,000 places**

- Recent statistics have shown that Tasmania has approximately 2.4% of the existing Home Care Packages
- If the 23,000 new Home Care Packages were distributed based on previous proportions, we could expect to receive 550 new packages
- Opportunities and funding exist for employment/upskilling of existing aged care workers, which Tasmania can benefit from

**Cash payments worth \$500 for aged, family and disability welfare recipients**

- Two \$250 payments – to be paid in December this year and March next year
- The recipients will be people who receive the age pension, disability support pension, carer payment, family tax benefit, family tax benefit lump sum, double orphan pension, carer allowance, Commonwealth seniors health card, pensioner concession card and veteran card



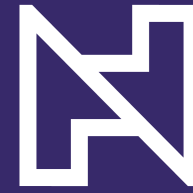
# Modern Manufacturing Strategy

\$1.5 billion over the next four years to support the Modern Manufacturing Strategy

\$107.2 million Supply Chain Resilience Initiative will support projects assessed as being at risk

Central to the strategy is the \$1.3 billion Modern Manufacturing Initiative, focusing on working with industry leaders across six key areas including:

- Food & Beverage Manufacturing
- Resources Technology & Critical Minerals Processing
- Medical Products Manufacturing
- Recycling & Clean Energy
- Defence
- Space



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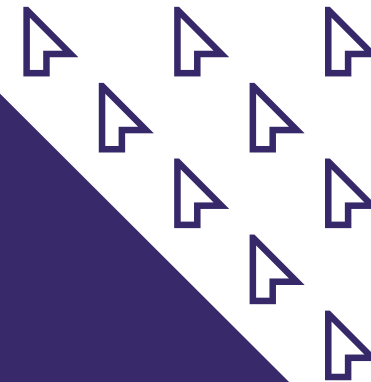
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# Panel Discussion



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Makes  
the difference



**Contact our team and discover  
how we can make the difference.**

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