

NEWTON & HENRY

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2022

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FEDERAL BUDGET BREAKFAST

Tasmania



*Newton & Henry
federal budget
breakfast twenty
twenty two*

*Newton & Henry
federal budget
breakfast twenty
twenty two*





MC- Kirby Taylor

Director
at Newton & Henry

2022 EXPERT PRESENTERS



Warren Hogan
Chief Economic Advisor
at Judo Bank



Brian Mitchell MP
Federal Member
for Lyons



Michael Hine
Partner at
Newton & Henry



Beth Makaryn
Manager at
Newton & Henry



Brian Mitchell MP

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Michael Hine
Partner at Newton & Henry



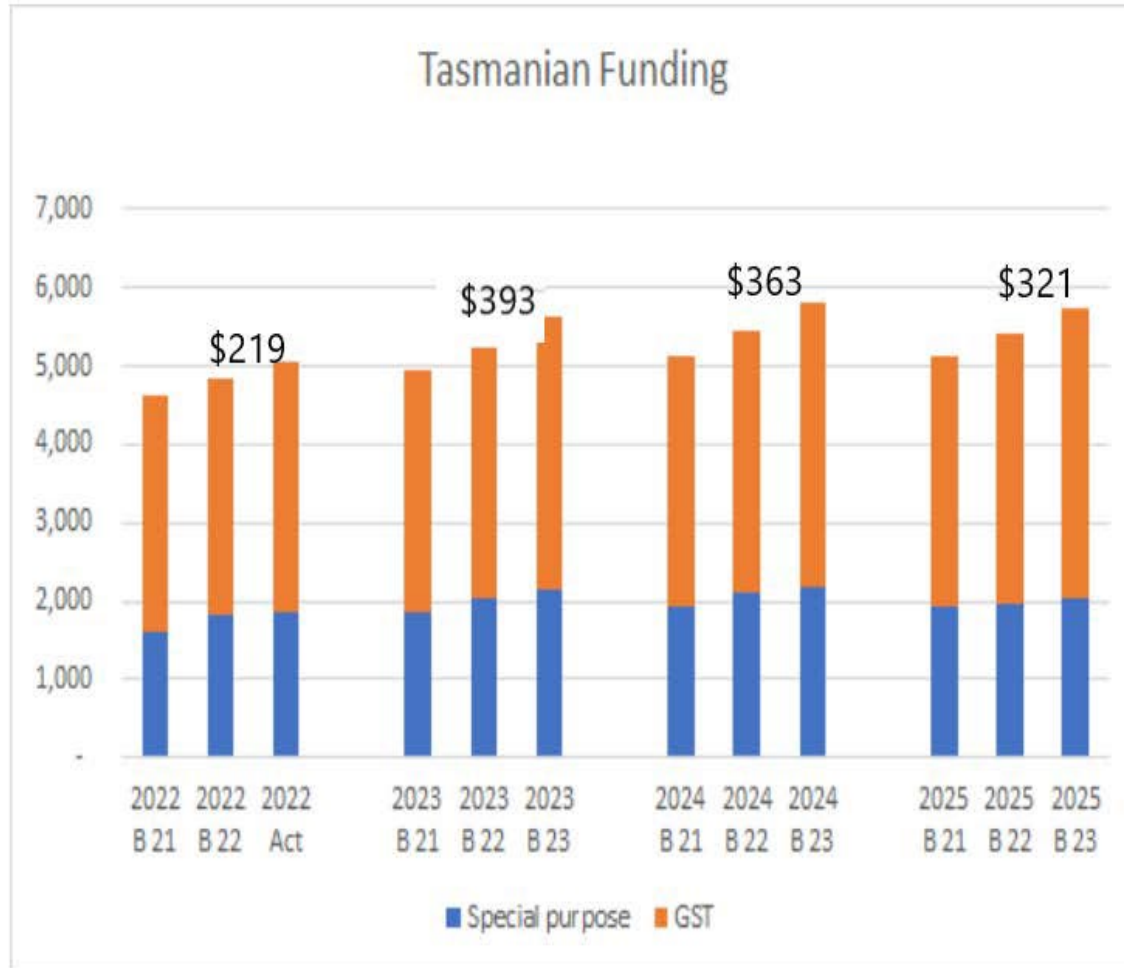
Beth Makaryn
Manager at Newton & Henry

A TASMANIAN PERSPECTIVE

Federal State Funding



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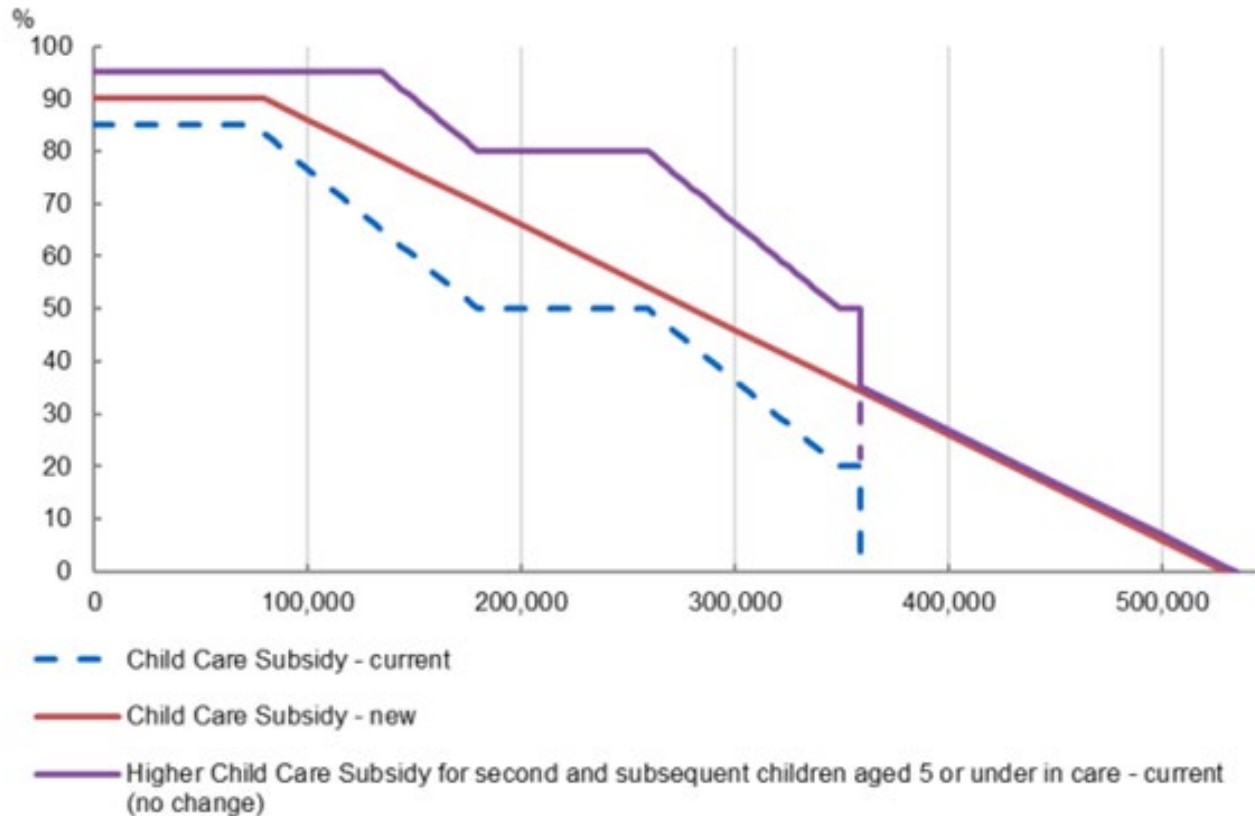


Tasmania infrastructure funding

- Supporting Industry (announced as an election promise in May):
 - \$50.0 million to upgrade the Nyrstar Hobart zinc smelter in Tasmania.
 - \$11.1 million to support Ingham's Carbon Zero Certified Business Model in Tasmania.
 - \$6.1 million to upgrade the Waverley Woollen Mills in Tasmania.
 - \$2.4 million for a feasibility study of Whaleback Energy Park in Tasmania.
 - \$2.1 million to expand the Costa Group's berry distribution centre in Tasmania.
 - \$2.1 million to support a feasibility study to replace the coal-fired boiler at the Norske Skog Boyer mill in Tasmania.
- \$100 million of funding committed to Tranche 3 project under development by Tasmanian Irrigation.
- \$570 million for road upgrades on the Bass, Tasman and both East and West Tamar Highways + the Mornington roundabout.

COST OF LIVING & SOCIAL

Child Care Subsidy



- Childcare subsidies are increasing from July 2023.
- The maximum Childcare Subsidy rate will increase from 85% to 90% for the first child in care.
- The cut off in family income to receive any subsidy increasing from \$356,756 to \$530,000.
- The current rates for families with multiple children aged 5 or under in childcare will be maintained.

Paid Parental Leave Scheme

This is the biggest reform of the Paid Parental Leave Scheme since its introduction in 2011

	2023-24	2024-25	2025-26	2026-27
Total PPL weeks	20	22	24	26

Housing



Health/Infrastructure

Tasmania

- \$20.6 million over 4 years from 2022–23 to establish a new cancer support pilot program at the W.P. Holman Clinic, and to support the construction of a new hospice, located within the Launceston General Hospital Precinct, to improve palliative care in northern Tasmania.
- \$4.0 million over 5 years from 2023–24 to develop a medical research centre within the Launceston General Hospital in Tasmania.
- \$6.5 million over 3 years from 2022–23 to the Shepherd Centre to provide hearing services and care for children and their families. The Shepherd Centre will establish clinical centres in New South Wales and Tasmania and expand its online support service, HearHub.
- The Government will provide \$1.6 million in 2022–23 to build an after-hours walk-in clinic in Brighton, Tasmania. The clinic will improve access to after-hours care in North Hobart and the Derwent Valley and reduce demand on local hospital emergency departments.



Education & Training

University

- The Government is investing \$485.5 million to provide up to 20,000 additional university places to tackle skills shortages and give more students from under-represented backgrounds the chance to go to university.

TAFE

- Agreement will commence on 1 January 2023 and deliver 180,000 fee-free TAFE and community-based vocational education places throughout 2023.

Schools

- \$474.5 million over 2 years to support student well-being and improve classrooms. All schools will benefit from the \$203.7 million Student Well-being Boost.



BUSINESS

Thin capitalisation changes

- Removal of the 60% debt to equity safe harbour.
- Replaced with a bright line rule – max interest deduction of 30% if EBITDA.
- Non-deductible amount can be carried forward for 15 years.
- 1 July 2023 start date.
- De minimis rule still applies – so only issue if associate inclusive debt deductions > \$2 million.
- No impact on arms length or worldwide gearing.



Other NMC measures

- Significant Global Entities (part of controlled group with turnover of over \$1bn) need to disclose CbC information.
- Public companies will need to disclose information on subsidiaries locations.
- Tenderers of over \$200k for Government work will need to disclose ultimate head entities country of residence.



Off market share buy - backs

- Alignment with on-market.
 - Remove dividend component so all proceeds capital.
 - Applies from budget announcement.



The “unsaid”

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 - ✓ Instant asset write off for small business back to \$1,000.
 - ✓ Useful life generally otherwise applies.
 - ✓ TFE only applies to assets INSTALLED or HELD READY FOR USE before 30 June 2023.

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 - ✓ TFE only applies to assets INSTALLED or HELD READY FOR USE before 30 June 2023.
 - Company loss carry back tax offset – not continued.
 - 50% reduction in pension draw down – not continued.
 - GDP uplift on tax instalments reverts to 8%.

GONE!

Business Skills & Training + Technology boosts

- 120% deduction for costs.
- Applies from March 2022 Budget night.
- Turnover under \$50 million (328?).
- Base deduction for FY22 claimed as normal, but bonus not claimed until FY23 return (so cashflow impact as late as May 2024).

	Skills and training	Technology
End date	30 June 2024	30 June 2023
Items covered	External training delivered to employees in Australia by Australian providers	Expenses and assets that support digital adoption such as portable payment devices, cyber security systems or subscription to cloud services
Cap	Uncapped	\$100,000 per year

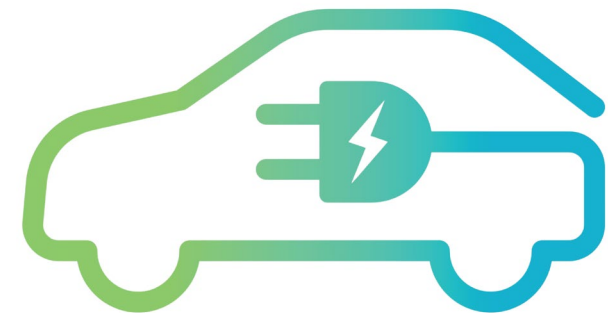
NOT YET LAM

Not going ahead

- Self-assessment of effective life of intangible depreciating assets.
- Amendment of debt/equity tax rules and changes to TOFA rules.
- Changes to taxation of asset-backed financing arrangements and tax and regulatory framework for limited partnership collective investment vehicles.
- **Change to the annual audit requirement for certain self-managed superannuation funds.**
- **Introduction of a limit of \$10,000 for cash payments made to businesses for goods and services.**
- Requirement for retirement income product providers to report standardized metrics in product disclosure statements.
- Establishment of a deductible gift recipient category for providers of pastoral care and analogous well-being services in schools.

Powering Australia – Electric Car Discount

- From 1 July 2022, battery, hydrogen fuel cell and plug in hybrid electric cars will be exempt from Fringe Benefits Tax if the first retail price is less than the electric vehicle luxury car limit (FY23 \$84,916).
- Must be a car.
- Must have been first used after 1 July 2022.
- Benefits are still Reportable Fringe Benefits.
- The measure to be reviewed in 3 years.



ATO Compliance Program

Personal Income Tax

\$80.3m to be provided to the ATO to undertake this program. Expect to receive \$674.4m in 3 years.

Focus on:

- Overclaiming of deductions – i.e. motor vehicle, rental properties, travel / conferences.
- Incorrect reporting of income – capital gains.

Shadow Economy – non-participants in the tax system

Continuation of the Shadow Economy Program by the ATO is estimated to increase receipts by \$2.1b.

SUPERANNUATION

Downsizer Contributions

- Eligibility age **dropped from 60 to 55** years with no maximum age limit.
 - You or your spouse have **owned the house for more than 10 years** between settlements (not contract dates).
 - Maximum contribution of **\$300k per person or \$600k in total for a couple**. Contribution must not be greater than sale proceeds.
 - The proceeds are either **exempt or partially exempt from CGT under the main residence exemption**. Pre-CGT homes are also eligible.
 - The contribution must be made **within 90 days of receiving the sale proceeds**.
 - **'Downsizer contribution into super form'** must be provided to the superfund **before or at the time** of making the contribution.
 - Once in a lifetime.
 - Contributions not limited by TSB.





Is the bad news still to come?



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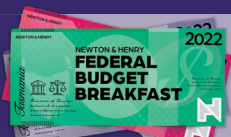


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Contact our team and discover how we can make the difference.



Newton & Henry Pty Ltd

Phone: +61 3 6337 3737

Fax: +61 3 6337 3700

office@newtonhenry.com.au

Level 2, 33 George St, Launceston TAS 7250

PO Box 199, Launceston TAS 7250

www.newtonhenry.com.au

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