

BUDGET 2010-11: WHAT WE GOT

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On 11th May 2010 Treasurer Hon Wayne Swan delivered his 3rd budget, which the government labeled as responsible budget further strengthens the economy and secures future growth. The budget offered a more upbeat assessment of the Australian economy with forecasts for stronger growth on the back of resilient resources demand from China and India, lower unemployment, subdued inflation and a small surplus by 2012-13. As per Treasurer the budget converts Australia's success during the global recession into even lower unemployment and stronger, more secure economy for working families.

BUDGET AT A GLANCE:

Economy:

- GDP growth to accelerate to 4% in 2011-12
- Return to surplus in 2012-13, three years ahead of schedule
- Unemployment projects to fall to 4.75% next financial year - about half of what was outlined in last year's budget
- Inflation projected to be contained at 2.5 per cent, within the RBA's rates-watch range

Your money:

- Lower tax on savings, with the first \$1000 in interest discounted at a rate of 50%
- The low-income tax offset will be raised to \$1500, effectively providing a tax-free threshold of \$16,000 for those with incomes under \$30,000
- Planned simplification of the tax system, with instant \$500 work-related deductions claimable, which leads to a decrease in tax of \$192 for someone on the average income
- That amount will double to \$1000 by July 2013
- Increased tax on cigarettes, raising the price of a pack of 30 by about \$2
- Reform of First Home Saver Accounts;

Company tax:

- Top company tax rate to fall from 30% to 28% by 2014
- A 40% Resources Super Profits tax to be imposed on miners from 2012
- Initiative to be brought forward by two years for small business
- Instant write-off for small business for assets to the value of \$5000

Superannuation:

- Increase in the superannuation guarantee from today's 9% to 12% by 2019
- A \$500 annual government top-up for people earning \$37,000 or less

- Higher concessional contributions for people aged 50-plus who do not have large super balances

Health

- Additional \$2.2 billion for the health system, taking total investment over the next five years to \$7.3 billion
- \$355 million will go towards new GP super-clinics and upgrades at existing facilities
- \$417 million for an after-hours health services, including Medicare Locals
- \$523 million to train nurses
- The roll-out of a new \$467 million e-health records system
- Doctors will each receive a \$25,000 allowance to go towards a nurse's salary
- Reforms to the Pharmaceutical Benefits Scheme expected to deliver \$2.5 billion in savings over the next five years
- The tax offset threshold for health-related expenses will be raised \$500 to \$2000, a move that will save the government about \$350 million.

Infrastructure

- A new fund to develop infrastructure, especially in resource-rich states, starting with \$700 million
- Additional cash to be pumped into fund over the next decade, taking total to \$5.6 billion
- \$1 billion investment in railroads across country

National Broadband Network

- Bonds to fund \$300 million of investment in NBN in 2010/11
- \$15 million over four years to 2013/14 for implementation of NBN
- \$24 million over five years for ACCC to manage regulatory arrangements for NBN
- Government to respond in coming months to NBN implementation study

Education and Training

- \$661 million Skills for Sustainable Growth Strategy to upgrade the nation's skills set
- 70,000 new training places and 22,500 new apprenticeships over the next four years for that strategy
- Guaranteed training places for people aged 25 and under
- A \$79 million apprenticeship bonus scheme that targets small and medium-sized businesses
- A \$200 million Critical Skills Investment Fund to bankroll training
- Big firms will be able to claim half the cost of training, small businesses 90%
- The establishment of a centre for International Finance and Regulation
- \$119 million for language, literacy and numeracy programs

Migration

- Overall size of migration program to remain at 168,700 places
- This includes a total of 113,850 in skills stream, and family program of 54,550
- Extra 9150 places for employer sponsored skilled migration

- Number of general skilled migration places to fall by 3600
- A reduction in level of family migration of 5750 places

GAINS FROM BUDGET:

- 50% discount on bank interest up to earning interest of \$1000
- The low-income tax offset will be raised to \$1500 from \$1,350, effectively providing a tax-free threshold of \$16,000 (no tax has to be paid) for those with incomes under \$30,000
- Increase 15% tax bracket to \$37,000 from \$35,000; giving savings of \$300 per year
- Reduced tax rate from 38% to 37% for income between \$80,000 and \$180,000, saving \$25 per week for people earning \$180,000
- Medicare levy threshold increase to \$18,488 from \$17,794 for singles and \$31,196 for couples
- Simplified tax system from 2012 with standing deduction of \$500, which will increase \$1000 in 2013, which leads to a decrease in tax of \$192 for someone on the average income
- Company tax rate cut to 29% from 2013-14 and 28% from 2014-15
- Instant asset write off for assets under \$5000 (currently \$1000) for all small businesses from 1st July 2012
- \$500 low income earners government contribution from 2013-14 for workers where income up to \$37,000
- Increasing super contribution from 9% to 12% from by 2019-20; starting from 9.5 in 2013-14
- Increased tax on cigarettes, raising the price of a pack of 30 by about \$2
- Reform of First Home Saver Accounts, which have struggled for wider acceptance: If a home is bought before the end of the four-year qualifying period, the balance of the account will eventually be paid into the mortgage, instead of the account holder's super fund as at present

LOSSES FROM BUDGET:

- Government super co-contribution matching rate permanently reduced to 100%
- Increase medical expenses rebate from \$1,500 to \$2,000
- Impose 40% tax on 'super profits' on mining industries
- Reduction in child care rebate; cap the annual Child Care Rebate to the 2008-09 level per child from the current annual cap of \$7,778 per child
- Increased tax on cigarettes, raising the price of a pack of 30 by about \$2

For further information about budget; please contact

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