



THE 2022/2023 FEDERAL BUDGET OVERVIEW....AND MORE

As anticipated the government has delivered re-election budget providing assistance to households to cope with the increases in the cost of living. Better than anticipated economic conditions including low unemployment and strong commodity prices have allowed the government to deliver this assistance along with moving to repair the budget and stabilise debt....

PERSONAL TAX CHANGES



COVID-19 Tests

To be deductible from 1 July 2021 for individuals, and for workplaces who provide -to be exempt from Fringe Benefits Tax.



Temporary Fuel Tax Excise Relief

The government will be halving the fuel tax excise that applies to petrol and diesel for 6 months. The effective date will be from 12:01am on 30 March 2022.



Increase in Low & Middle Income Tax Offset (LMITO)

Additional payment of \$420 dubbed "cost of living tax offset" in the 2022 income tax year.

Will increase the full offset for those eligible to \$1,500.

Offset lost for taxpayers who earn more than \$126,000 taxable income.



Increase Medicare-Levy thresholds

Threshold for an individual increasing from \$23,226 to \$23,365

Family threshold increased to \$39,167 to \$39,402

Seniors & Pensioners increased from \$36,705 to \$36,925

Family threshold for Seniors & Pensioners \$51,094 to \$51,401.

Each dependent child or student will increase family thresholds by \$3,619, not the \$3,597 previously implemented.

Cost of Living Payment

The government will provide a single \$250 one-off payment to alleviate the cost of living.

Eligible recipients will receive payments from 1 April 2022 and will be made to those who hold or are in receipt of Age pension, Disability pension, Parenting Payments, Carer Payments, Jobseekers, Youth Allowance, Austudy, Abstudy, Double Orphan Pension, Special Benefits, Farm Household Allowance, Pension Concession Card Holders, Commonwealth Seniors Health Card Holders & Eligible Veterans Affairs and Gold Cardholders.

A person who may be in receipt or hold more than one of the above categories will still only receive one payment and is only for Australian Residents.



Reduced Minimum Drawdowns for Self-Fund Retirees

Further extension of the minimum drawdown for those in receipt of a superannuation pension payments by 50% until 30 June 2023.

BUSINESS TAX CHANGES



Proposed changes for businesses obligated to submit Taxable Payment Annual Reports (TPAR)

Proposal to submit on same lodgment cycle as Activity Statements subject to software provider capabilities and implementation.

Expected implementation 1 January 2024



Changes to the PAYG Instalment System

Proposal to give companies the choice to have their PAYG Instalments based on actual current financial performance from accounting software.

Expected benefit is to alleviate cash-flow concerns but ensuring PAYG Instalments are sufficient and appropriate rather than the standard ATO imposed amounts.

If implemented expected ETA to commence 1 January 2024.



Greater inter-government agency communications



The Government is still pushing the full and correct implementation of Single Touch Payroll (STP).

Investment into the network to allow for reporting from ATO to local authorities such as State Revenue to ensure taxpayers who may be required to register for pay-roll tax, are doing so sooner rather than later.

State governments will have to commit a portion of funding to ensure their own systems can utilise and implement the change.

Skills & Training



Initiative for small & medium sized business to train & upskill employees on eligible expenditure from 7:30pm (AEDT) on 29 March 2022 until 30 June 2024.

Eligible for businesses with turnover of less than \$50m can get an additional deduction of 20% on external training courses.

Some exclusions do apply.

Technology Investment



Government support for small & medium sized business from 7:30pm (AEDT) on 29 March 2022 until 30 June 2023.

Eligible for businesses with turnover of less than \$50m and is applicable to business expenses and depreciating assets.

Initiative to assist with business to improve or integrate to a more digital approach to business including; payment devices, cyber security and cloud-based services.

Annual cap of up to \$100,000 will be eligible for the boost which amounts to a \$20,000 benefit.

Trust Income Reporting & Processing



Government pushing towards a more digital approach to trust & beneficiary reporting by processing trust return and automating ATO assurance processes.

Trusts have not been as transparently reported as individuals and companies with the prospect of reducing compliance burdens and processing times.

Potential implementation date 1 July 2024.

Greater importance to ensure trust resolutions are done prior to 30 June each financial year.

Employee Share Schemes

Simplified disclosure requirements for employers wanting to reward employees for business growth they generate.

Amounts to increase to \$30,000 per year from \$5,000 accruable for unexercised options for up to five years, plus 70% dividend and cash bonuses.

OTHER NEWS.....

**ATO CHANGES RULES ON COMMON TRUST DISTRIBUTIONS
"ATTACK" ON TRUSTS**

For many years, it has been common practice by all business owners and investors who use Family (Discretionary) Trusts to look to spread trust income across family member beneficiaries.

Trust distributions are often made to adult children for asset protection and estate planning purposes.

Sometimes, the adult children in a family may have lower tax rates than their parents, so the overall average tax rate, for the family group, is lower as a result of the spread of these trust distributions.

However, on 23 February 2022 the ATO issued Taxpayer Alert TA 2022/1 "Parents benefitting from the trust entitlements of their children over 18 years of age".

This is a game changer!

It states that the ATO believes that parents who make trust distributions to their adult children, and then arrange for their children to give the distribution back to them, are only doing this to reduce tax. The ATO plans to invalidate the trust distribution and tax the trustee of the trust at 47% on the amount of the distribution, and they may charge penalties on this as well.

WA GOVERNMENT GRANTS

The WA Premier Mark McGowan has announced another round of financial support for businesses impacted recently.

We have consulted the Small Business Development Corporation and summarise below the eligibility criteria to be met in order to receive the grant.



To be eligible for the Small Business Hardship Grants, businesses must:

- ◆ Have a valid and active Australian Business Number (ABN).
- ◆ Be currently trading in Western Australia and have an annual turnover of more than \$50,000.00 excluding GST.
- ◆ Have an Australia-wide payroll of less than \$4 million.
- ◆ Be able to demonstrate a 50 per cent reduction in revenue for any two-week consecutive period between 1 January 2022 to 30 April 2022, compared to the equivalent period in 2021. Alternative comparative periods of two consecutive weeks between 1 January and 31 December 2021 will be considered if the equivalent period in 2021 provides an inaccurate representation of the business revenue performance, for example if the business was impacted by COVID-19 restrictions during the equivalent period in 2021.
- ◆ Provide evidence of the number of FTE (full time equivalent employees) of their business.
- ◆ Provide an unredacted PDF copy of their business bank statement showing 2022 transactions, a BSB, an account number and the business name associated with the application.

Eligible businesses that apply and receive funding from other recent business support programs, including the Level 1 COVID-19 Business Assistance Package, are also eligible to receive grants from the Level 2 package. Payments to eligible businesses will be according to business size:

- ◆ Sole traders ([non-employing businesses](#)) will be eligible for payments of \$3,000.
- ◆ Micro businesses, [with one to five employees](#), will be eligible for payments of \$7,500.
- ◆ Small businesses, [with six to 19 employees](#), will be eligible for payments of \$20,000.
- ◆ Medium sized businesses employing [20 people or more](#), will be eligible for payments of \$50,000.

Note: the number of employees is calculated based on the number of “Full time Equivalent”.

Please note that the number of employees will be based on FTE which will be taken from single touch payroll filings during the claim period. If business owners aren't on the payroll in entities such as trust and partnerships unfortunately we won't be able to include in the number when working out eligibility.

The closing date for this grant program is 4:00pm 30 June 2022 (AWST).

If you would like to discuss how these apply to your business, or would like assistance in claiming the



REMINDER FOR COMPANY DIRECTORS



DO YOU HAVE YOUR DIRECTOR ID?

As a reminder for existing Directors, if you haven't yet applied for your Director ID, this must be completed by 30 November 2022. Don't delay, it is expected that ASIC will impose penalties if you don't have an ID by this date. If you need assistance, please call us, we can help you through this process.

grant, **apex** then don't hesitate to contact us.



If you've been in to our Osborne Park office to meet with one of our Directors, Ross Stagno, you will be forgiven for mistaking his brother, Alessandro, as Ross. We have seen many humorous interactions with people mixing them up!

Alessandro has an office within Optima Partners, Apex Planning! Which is a town planning consultancy business acting in the space of:

- **Development approvals through the Development Assessment Panel process;**
- **Appeals;**
- **Scheme amendments;**
- **Structure planning;**
- **Subdivision approvals; and**
- **The provision of development capability advice.**

Alessandro was formerly a senior planner at a larger corporate firm but decided to start his own consultancy with a view to offering personalised, responsive and strategic service to existing and new clients.





This year the State Government rolled out new incentives for owners of classic cars and vehicles manufactured before 1990. The concession entitled the owners of these vehicles to a 75 per cent exemption from vehicle licence fee and a reduced rate on motor injury insurance. Owners needed to be a financial member of a Department of Transport-approved car club and are entitled to use their vehicles for 90 days a year (60 days for club use and 30 days for private use).



Optima Partners Director Phil Carulli and several of his car enthusiast friends established the Perth Car Club in March 2021 with a view to bringing together like-minded automotive enthusiasts with no particular allegiance to a particular make or model and also allowing the group to access the concession for classics scheme. Perth Car Club, is open to all cars manufactured before 1990 and any vehicle an enthusiast owns after 1990.



In the last 12 months the club has grown to have over 120 members with more than 170 cars. They've held several events including community events such as the Osborne Park Show.



On Sunday 24th April the club will be holding a 1 year anniversary event at Optima Partners Osborne Park offices from 9am. Cars will be on display and Optima Partners will be putting on breakfast. It's a great opportunity to get out on a Sunday morning!

If you have any questions with regards to any of the information above,
please feel free to contact our office

6267 2200

Phil, Enrico & Ross