

# Budget summary for investors

Federal Budget 2024-25



On 14 May 2024, the Labor Government handed down the 2024-25 Federal Budget. This was largely a no surprises Budget, with most announcements having been released in the weeks leading up to Budget night.

With the economic outlook still looking tough, with inflation and interest rates still high, the Government has had to be careful to address current concerns whilst not creating problems for future years. Indeed, the Government believes this Budget will reduce inflationary pressures and could lead to a cut in official interest rates sooner than many economists had recently been predicting.

There is no doubt that the 2024-25 Federal Budget, like last year, has had a focus on the cost of living issues facing many Australians. In a change to prior years, some relief has been targeted to all households, without any means testing, with relief for all households through a \$300 rebate on energy bills, and a \$325 rebate for qualifying small businesses.

From a wealth perspective, the 2024-25 Budget announcements were limited, and again, had mostly been communicated prior to the formal Budget speech. However, it is those items not mentioned that are perhaps of equal importance in many situations. The major measures and impacts from the 2024-25 Federal Budget can be summarised as follows:

## Taxation

- Already legislated, changes have been made to the Stage 3 tax cuts that had been introduced by the previous Government. Taking effect from 1 July 2024, these will provide income tax relief to all taxpayers, with more relief provided to low and middle income earners than previously was the case, with some (reduced) relief still provided to high income earners.
- For small business taxpayers, the \$20,000 instant asset write off announced in last year's Federal Budget has been extended for another 12 months until 30 June 2025.

## Superannuation

- From 1 July 2025, recipients of the Government funded paid parental leave scheme will also receive superannuation guarantee contributions as part of payments under the scheme.
- No further announcement was made on the prior year Budget measure to introduce an additional tax on super earnings for those with more than \$3 million inside the super system. The lack of further announcements is an indication the Government intends to continue to legislate for this change, effective 1 July 2025, without any changes to the measure or its calculation method.
- Whilst not a budget measure, it is important to note that the caps that limit the amount that can be contributed to super each year will index on 1 July 2024, allowing more to be saved in the tax effective super environment.

## Social security and welfare

- Deeming rates on financial investments that are used to calculate eligibility for various income support payments will be frozen for another 12 months until 1 July 2025. This may enable higher level of support payments to continue for the next 12 months.
- There will be increased eligibility for income support payments, or payment levels for recipients of Commonwealth Rent Assistance, JobSeeker payments if able to work no more than 14 hours in a week, Carer Payments and for those undertaking compulsory workplace placements as part of their education program to become a teacher, early educator, nurse, midwife or social worker.

It is always important to remember that at this point, most Budget night announcements are only statements of intended change and are not yet law. There may be others that impact on your personal situation, as well as other opportunities available from changes made in prior years. A financial adviser can help outline what these measures may mean for you, and the opportunities available now, or in the future.

## For more information

Contact your financial adviser



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