

2016 FEDERAL BUDGET HIGHLIGHTS

With the 2016 Federal Budget handed down BWA would like to outline the key changes that may affect our clients. The changes below particularly in Superannuation may result in a need to review and reassess your strategies.

Income Tax

* From the 1st July 2016, there will be an increase to the upper end of the 32.5% tax bracket from \$80,000 to \$87,000.

Taxable Income	New Proposed Tax Rates in Budget
0 to \$18,200	Nil
\$18,201 to \$37,000	19c for each \$1 over \$18,200
\$37,001 to \$87,000*	\$3,572 plus 32.5c for each \$1 over \$37,000
\$87,001 to \$180,000	\$19,822 plus 37c for each \$1 over \$87,000
\$180,001 and over	\$54,232 plus 47c for each \$1 over \$180,000

Small to Medium Business

- Small business Entity Turnover to be increased from \$2 million to \$10 million from the 1st July 2016.
- The new company tax rate for Small business is 27.5% from 1st July 2016 with all company rates to reduce to 25% by the year 2026-27.
- Tax discount for the small business tax offset to increase to 8% as of 1st July 2016.
- The immediate tax deduction for assets costing less than \$20,000 has also been extended to businesses with turnover up to \$10m, until 30th June 2017.

Superannuation

- Removal of tax exemption on earnings from TRIS pension accounts from the 1st July 2017.
- Spouse Superannuation tax offset of \$540 available to those who earn up to \$37,000.
- Concessional Superannuation contributions cap reduced to \$25,000 from 1st July 2016.
- Life time cap on Non-Concessional Superannuation contributions to be limited to \$500,000 dating back to 1 July 2007.
- The introduction of a \$1.6 million balance cap on the total amount an individual can transfer into tax-free retirement phase.
- Superannuation contributions tax increased to 30% for those earning above \$250,000 per annum.

*If you wish to discuss any of the highlighted changes please do not hesitate
to contact BWA and we will be happy to assist.*