



# macmillan cowan & co

## chartered accountants

### MACBITES

### 2016 FEDERAL BUDGET

#### Taxation:

#### Personal income tax:

- From 1 July, 2016, the upper threshold for the 32.5% tax rate will be increased from \$80,000 to \$87,000.
- The personal income tax rates to apply from 1 July, 2016 are:

Taxable income	Tax on this income
0 – \$18,200	Nil
\$18,201 – \$37,000	19% of excess over \$18,200
\$37,001 – \$87,000	\$3,572 plus 32.5% of excess over \$37,000
\$87,001 – \$180,000	\$19,822 plus 37% of excess over \$87,000
\$180,001 and over	\$54,232 plus 47% of excess over \$180,000

- The 2% temporary budget repair levy will expire from 1 July, 2017. This will bring the top rate down from 47% to 45%.
- These rates exclude the 2% medicare levy

#### Company tax:

- The Government proposes to introduce a staged reduction of the company tax rate for businesses as part of a ten year plan. The change also contains a progressive rise in the annual aggregated turnover threshold for access to the 27.5% company tax rate. This means that smaller companies will qualify for the rate cut earlier than larger companies. The following chart outlines the proposals.

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#### Consultant

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#### Taxation Planning

#### Business Advice

#### Self Managed

#### Superannuation

#### Retirement Strategies

#### MYOB & QuickBooks Assistance

#### Wealth Creation

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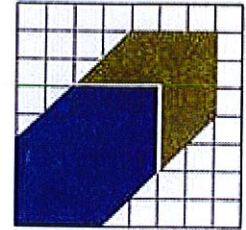
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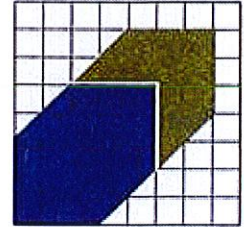
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Income year	Annual aggregated turnover threshold	Rate (%)
2015 -16 (current year)	< \$2m	28.5
2016-17	< \$10m	27.5
2017-18	< \$25m	27.5
2018-19	< \$50m	27.5
2019-20	< \$100m	27.5
2020-21	< \$250m	27.5
2021-22	< \$500m	27.5
2022-23	< \$1b	27.5
2023-24	None	27.5
2024-25	None	27.0
2025-26	None	26.0
2026-27	None	25.0

### Small business concessions:

- From 1 July, 2016 access to several small business concessions will be broadened by increasing the annual turnover threshold from \$2m to \$10m.
- These concessions include:
  - Simplified depreciation rules, including the immediate tax deduction for assets costing less than \$20k (up until 30 June 2017);
  - Simplified trading stock rules;
  - Simplified method for PAYG instalment payments;
  - The option to account for GST on a cash basis and apply the simplified method of GST instalments payments;
  - Immediate deduction for prepaid expenses;
  - Immediate deduction for professional expenses;
  - Fringe Benefits Tax concessions, including exemptions for work-related portable electronic devices (applicable from 1 April 2017).
- The turnover threshold for eligibility for the small business CGT concessions remains at \$2m.
- The turnover threshold for access to the unincorporated small business tax offset for individuals (including partners of partnerships) will rise from \$2m to \$5m from 1 July, 2016. The amount of the offset will also rise from 5% to 8% at the same time before increasing incrementally to 16% over ten years. The current cap of \$1,000 remains unchanged.



### Wine Equalisation Tax (WET):

- The wine producer's rebate cap will be reduced from \$500k to \$350k from 1 July, 2017 and then to \$290k from 1 July, 2018.
- From 1 July, 2019, a wine producer will only qualify for the rebate if there is ownership of or a long term lease on a winery, and sell packaged, branded wine within Australia.
- As compensation, \$50m will be provided by the Government over four years (from 1 July, 2016) to the Australian Grape and Wine Authority to promote Australian wine overseas and wine tourism within Australia.

### 2016 STATE BUDGET

#### Payroll tax:

- The Victorian State Government recently decided to increase the threshold at which businesses commence to pay payroll tax by \$25,000 per annum in each of the next four years from 1 July, 2016. The new thresholds will be:
  - from 1 July, 2016 - \$575,000.
  - from 1 July, 2017 - \$600,000.
  - from 1 July, 2018 - \$625,000.
  - from 1 July, 2019 - \$650,000.

If you have any queries please do not hesitate to contact us.

10 May, 2016