

# Federal Budget 2024: A budget for the here and now and a budget for the decades to come?

By Fordham

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On 14 May 2024, the Federal Treasurer of Australia, Hon Dr Jim Chalmers, handed down a budget for the 2024-25 year that has a stated intention of addressing the persistent inflation and cost of living pressures felt throughout the economy.

The government believes that the headline inflation rate may return to the target rate of between 2% and 3% by the end of 2024. With real GDP growth of 1¾% in 2023-24, the government have forecast real GDP growth to continue an upward trend with forecasts of 2% in 2024-25 and 2¼% in 2025-26.

Items of note raised by the Treasurer are as follows. Of course, the announcements do not constitute law and in interpreting the announcements, the devil will be in the detail.

## **Small Business Support**

### ***Instant Asset Write-off***

From 1 July 2024 the instant asset write-off threshold will remain at \$20,000 for 12 months for businesses with an aggregated turnover of less than \$10 million.

## **Superannuation**

From 1 July 2024 the government will provide \$1.1 billion over 4 years, and \$0.6 billion per year ongoing, to fund superannuation on Commonwealth funded paid parental leave for births and adoptions on or after 1 July 2025.

## **Tax Integrity Measures**

The government have announced extensions to their ongoing tax compliance and integrity programs with funding provided through to the 2027-2029 income years.

## **Multi-Nationals & Significant Global Entities (SGEs)**

The government will introduce a new penalty provision from 1 July 2026 for taxpayers who are part of a group with more than \$1 billion in global turnover annually that are found to have mischaracterised or undervalued royalty payments to which royalty withholding tax would otherwise apply.

## **Other announcements**

Other announcements made include:

- Confirmation that the personal income tax cuts previously announced and legislated to apply from 1 July 2024 will proceed.
- Expansion of the existing application of the capital gains tax provisions to foreign residents including an amendment to the point in time test to a 365-day test and a requirement to

notify the ATO for share disposals over \$20 million prior to the disposal.

- Significant increase in expenditure into the Aged Care industry to fund additional wage increases along with support to implement new ICT systems to ensure compliance with the new Aged Care Act.
- Circa \$20 billion to be invested into the Future Made in Australia Fund targeted at investment in the renewable and low carbon energy and green mineral sectors.

### **Notable exclusions**

Notably absent from the budget announcements were:

- Proposed significant changes to Division 7A
- Trust income re-write
- Proposed review and changes to CGT rollover provisions
- Proposed re-write of the individual tax residency rules
- Changes to the proposed Division 296 Tax on superannuation balances over \$3 million

### **In closing**

In summary, for business owners, the budget contained minimal new initiatives.

Should you require further details on the May 2024 Federal Budget announcements, please contact your [Fordham](#) representative.

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