



Treasurer Josh Frydenberg handed down Australia's federal budget on Tuesday 6 October, detailing steps to boost an economy reeling from the impact of the COVID-19 pandemic. The Government is spending big on infrastructure, job creation, asset write-offs and personal tax cuts.

Please click on the following topic of interest to learn more:

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## HC Partners Office Update

1. We are complying with all national and state [public health directions](#)
2. We are promoting simple but effective social distancing and hygiene measures
3. We are asking our staff, clients and any visitors to not attend the office if feeling unwell

In addition, we are encouraging the use of alternative electronic methods in the collection and storage of documents (OneDrive, email) as well as the electronic signing of documents (Xero, DocuSign).

**We encourage you to reach out to discuss your personal circumstances in light of the impact of the pandemic to discuss ways we may be able to help.**

[HC Partners COVID-19 Policy](#)

## Individuals Update

### Accelerated Personal Tax Cuts

More than 11 million taxpayers will get a tax cut backdated to 1 July this year as the government brings forward "Stage 2" tax cuts to 1 July 2020. The key changes are:

- The top threshold of the 19% bracket increases to \$45,000 from \$37,000.
- The top threshold of the 32.5% bracket will increase to \$120,000 from \$90,000.
- A low-income tax offset (maximum \$700) has also been brought forward, and the low- and middle-income tax offset (maximum \$1080) has been retained for 2020-21.

Taxable income	Current tax payable	Proposed tax payable	Tax saving <sup>^</sup>
\$20,000	\$0	\$0	\$0
\$40,000	\$4,467	\$3,887	\$580
\$60,000	\$11,067	\$9,987	\$1,080
\$80,000	\$18,067	\$16,987	\$1,080
\$100,000	\$25,717	\$24,187	\$1,530
\$120,000	\$34,117	\$31,687	\$2,430
\$140,000	\$42,097	\$39,667	\$2,430
\$160,000	\$49,897	\$47,467	\$2,430
\$180,000	\$57,697	\$55,267	\$2,430
\$200,000	\$67,097	\$64,667	\$2,430

<sup>^</sup> The above tax savings compare current tax rates with the proposed tax rates. Tax savings may differ from Government publications which compare 2017/18 tax rates with the proposed tax rates.

### **\$250 Economic Support Payments**

Two tax-free economic support payments will be paid to aged pensioners, veterans and eligible concession card holders, Eligible Veterans' Affairs payment recipients and concession card holders – one payment in November 2020 and the other in early 2021.

As with the previous payments, these payments will not be taxed and will not count as income for the purposes of Social Security, Farm Household Allowance and Veteran payments.

For further details on any of the above, please [contact us](#).

For further details on how the government are supporting households through the pandemic, visit <https://treasury.gov.au/coronavirus/households>

### **Superannuation Update**

#### **Fund Stapling**

Under this proposal, effective from 1 July 2021, once an employee has a super fund and they change jobs, their new employer will contribute to their existing fund. Employees will however be able to advise their employer to make contributions to a different fund if they wish.

#### **YourSuper Comparison Tool**

The ATO will develop systems that are designed to assist individuals to select a super fund from a table of MySuper products through a new interactive, online 'YourSuper' comparison tool. The tool will also display all current super funds held by the individual and will prompt them to consider consolidating their accounts where multiple funds exist.

For further details on any of the above, please [contact us](#).

## **Business Update**

### **Extended Instant Asset Write-Off**

The instant asset write-off is being made even more generous and temporarily extended. From 7:30pm (AEDT) on 6 October 2020 until 30 June 2022, businesses with turnover up to \$5 billion will be able to deduct the full cost of eligible depreciable assets of any value in the year they are installed. The cost of improvements to existing eligible depreciable assets made during this period can also be fully deducted.

### **Small business loss carry back (applies to companies only)**

Companies with turnover up to \$5 billion will be allowed to offset losses against previous profits on which tax has been paid, to generate a refund. Eligible companies can carry back tax losses from the 2019-20, 2020-21 or 2021-22 income years to offset previously taxed profits in 2018-19 or later income years. Companies may elect to receive a tax refund when they lodge their 2020-21 and 2021-22 tax returns.

This measure can be particularly useful, especially when paired with the Instant Asset Write-off. Please [contact us](#) to discuss how this and other measures can be utilised in your business.

### **Jobmaker Hiring Credit**

The \$4 billion JobMaker Hiring Credit will be payable for up to 12 months for each new job and is available from 7 October 2020 to employers who hire eligible employees aged 16-35. The Hiring Credit will be paid quarterly in arrears at the rate of \$200 per week for those aged between 16-29, and \$100 per week for those aged between 30-35. Eligible employees are required to work a minimum of 20 hours per week. To be eligible, employers will need to demonstrate an increase in overall employee headcount and payroll for each additional new position created. Treasury estimates that this will support around 450,000 jobs for young people.

This new measure will be administered through the ATO – further details to be released soon.

### **New apprenticeships and trainees**

Businesses that take on a new apprentice or trainee will be eligible for a 50% wage subsidy starting 5 October 2020. But the subsidy is capped at 100,000 workers. The \$1.2 billion subsidy will be available to employers of any size or industry.

### **NSW State Government Update**

The Government has announced the extension of support for commercial tenants and landlords until 31 December 2020. Landlords will also be able to receive up to 25% land tax concession

where they provide rent relief to commercial and residential tenants in financial distress from October to December 2020.

For further details on any of the above, please [contact us](#).

For further details on how the government are supporting small businesses through the pandemic, visit <https://treasury.gov.au/coronavirus/businesses>

### **Update from our business partners**

[Click here](#) to read SJB Consulting's latest blog entitled: "Don't become complacent ... its not over yet" which discusses key business risks to be considered on the road to recovery.

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