

2013 Federal Budget

Individuals

- Medicare levy increase from 1 July 2014 from 1.5% to 2%.
 - Current relief for low income earners and other exemptions from levy will remain in place.
- Decrease to personal income tax which would have applied from 1 July 2015 will not proceed.
- From 1 July 2014 deductions for self-education expenses will be capped at \$2,000 per person.
- Medical expenses tax offset will be phased out, those who claim in 2013 year will still be able to claim in 2014 year. If claimed in 2013 and 2014 a claim can be made in the 2015 year.
- Discount for voluntary and upfront HECS-HELP repayments will stop from 1 January 2014.
- Baby bonus will be removed from 1 March 2014 – FTB will compensate an additional \$2,000 for first child and \$1,000 for each additional child.
- Farm Management Deposit scheme will be changed to allow owners to consolidate existing accounts held for more than 12 months without triggering tax liabilities.

Business

- Removal of deduction for interest on borrowings to fund foreign investments.
- FBT rate will increase by 0.5% to 47% from 1 July 2014.

Superannuation

- Those with income* greater than \$300,000 will be taxed at 30% from 1 July 2012 – additional 15% tax payable paid by individuals, not super funds.
 - * Income having the same definition that is used to calculate whether an individual should pay Medicare levy surcharge, being the sum of the taxpayer's taxable income, reportable fringe benefits, reportable super contributions and total net investment loss, less any taxed component of a super lump sum received.
- \$35,000 concessional cap from 1 July 2013 for people 60 and over, and from 1 July 2014 for people 50 and over.
- From 1 July 2014 individuals can withdraw excess concessional contributions and tax will be applied at individual's marginal tax rate plus interest
- From 1 July 2014 earnings on assets supporting income streams are to be tax-free up to \$100,000 per year – anything above will be taxed at 15%

Budget Changes that come into effect from 1 July 2013

- Super Guarantee to increase by 0.25% to 9.25%
- Concessional contribution cap to remain at \$25,000

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