

## 2017 Federal Budget

### 2017 Budget and Year End changes coming into effect

For *small business* the \$20,000 instant asset write-off continues until 30 June 2018.

For *individuals* the maximum super contribution is reduced to \$25,000 from 1 July 2017.

There is the removal of 10% rule for personal concessional contributions – now wage earners can contribute a lump sum to super and claim a tax deduction rather than salary sacrifice – **from 1 July 2017.**

*Negative gearing an asset*, from 1 July 2017, the government will disallow deductions for travel expenses.

For *rental properties* bought from **10 May 2017**, the Government will limit plant and equipment depreciation deductions to only those incurred directly by investors ie new assets bought after purchase of an existing property or a new house.

*First-home buyers* will be allowed to salary-sacrifice contributions for a home deposit from pre-tax pay into the First Home Super Savers Scheme, using their existing superannuation account and attracting the same tax advantages of superannuation. Contributions will be limited to \$30,000 per person in total and \$15,000 per year.

The extra tax on super contributions for higher income earners will kick in earlier as the Reduction of Division 293 income threshold has been reduced to \$250,000 from \$300,000 from **1 July 2017.**

### Further down the track

From **1 July 2018** – taxpayers who are over 65 years old can downsize their principal place of residence and contribute up to \$300,000 per person to superannuation. The taxpayers do not need to meet any contribution tests but must have owned the house for 10 years.

**HELP debt** repayment threshold will come down to adjusted taxable income of \$42,000 from \$55,000 starting **1 July 2018**

**1 July 2019** Medicare levy will be 2.5% up from 2%.

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