

Federal Budget Summary 2016-17

- A lifetime cap on non-concessional (after-tax) superannuation contributions of \$500,000 will apply from 7.30pm on 3 May 2016.
- The income tax threshold at which the 37% tax applies will increase to \$87,000 pa on 1 July 2016, from the current \$80,000 pa.
- The tax rate that applies to small business companies will reduce to 27.5% for businesses with a turnover up to \$10 million in 2016/17. Further reductions will apply in future financial years.
- Small business tax discount (for unincorporated businesses) has been increased from 5% from 01/07/2015 to 8% from 01/07/2016 with an increase in the turnover test to qualify to \$5 million.
- The additional 2% Temporary Budget Repair Levy for income >\$180,000 will still expire as of 01/07/2017 (FY18)

A range of superannuation measures will also apply from 1 July 2017.

- The annual cap on concessional (pre-tax) super contributions will reduce to \$25,000, regardless of age.
- Super members with balances <\$500,000 can make additional concessional super contributions where they have unused concessional contributions accrued from the previous 5 years
- Those aged between 65 and 74 will be able to make super contributions regardless of whether they work or not
- Tax deductions will be able to be claimed for personal contributions regardless of employment status.
- A lifetime limit of \$1.6m will be placed on the amount of superannuation that can be transferred to start pensions.
- Earnings on investments held in 'transition to retirement' pensions will be taxed at 15% (currently 0%).
- Spouse contributions tax offset means test will be changed markedly by increasing the income test threshold from \$10,800 to \$37,000
- Reduction to Div 293* tax threshold from \$300,000 to \$250,000 where high income earners pay an additional 15% contributions tax

Note: These changes are proposals only and may or may not be made law.