

WHAT IS THE IMPACT ON YOUR BUSINESS?

Access to Small Business Tax Concessions

From 1 July, the small business tax rate will be lowered by 1% to 27.5% and the turnover threshold for small businesses able to access it, will be increased to \$10 million from \$2 million.

Businesses with turnover below \$10 million will now be able to access a range of existing small business tax concessions, including:

- Simplified depreciation rules, including the immediate tax deduction for assets costing less than \$20k (up until 30 June 2017).
- Simplified trading stock rules;
- Simplified method for PAYG instalment payments;
- The option to account for GST on a cash basis and apply the simplified method of GST instalments payments;
- Immediate deduction for prepaid expenses;
- Immediate deduction for professional expenses;
- Fringe Benefits Tax concessions, including exemptions for work related portable electronic devices (applicable from 1 April 2017).

Simplification of Division 7A

Changes are to be made to simplify the rules that seek to prevent private companies from making tax-free distributions of profits to shareholders. The changes will come into effect from 1 July 2018 and will impact both pre-existing and new loans.



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2016/2017 Federal Budget

Staged Reduction of the Company Tax Rate

Under a 10-year plan, a staged reduction of the company tax rate beginning in the 2017-18 income years will be reduced for all to 25% from 30%. This change also involves a progressive increase to the annual aggregated turnover threshold for access to the 27.5% company tax rate, meaning that smaller companies will qualify earlier for the rate cut.

From the 2024-25 income year, there will be a further reduction each year for all companies until the corporate tax rate reaches 25% in the 2026-27 income year.

From 1 July 2016, the tax rate for businesses with an annual aggregated turnover of less than \$10m will be 27.5%. Each year the turnover threshold will be increased to allow more companies to access the lower corporate tax rate as follows:

Income year	Annual aggregated turnover threshold	Rate (%)
2015-16 (current year)	< \$2m	28.5
2016-17	< \$10m	27.5
2017-18	< \$25m	27.5
2018-19	< \$50m	27.5
2019-20	< \$100m	27.5
2020-21	< \$250m	27.5
2021-22	< \$500m	27.5
2022-23	< \$1b	27.5
2023-24	None	27.5
2024-25	None	27.0
2025-26	None	26.0
2026-27	None	25.0



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